FINANCIAL TIMES

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English football clubs pulled out of Europe

The Football Association yesterday decided to withdraw all English clubs from next season's European competitions, following the rioting at Wednesday's European Cup final in Brussels, in which 38 died.

"It is now up to English football to put its house in order," the FA said.

Mrs Thatcher, who later held talks with FA chairman Bert Millichip and secretary Ted Croker, said she was very pleased with the decision.

The clubs affected are Liverpool—which had already withdrawn — Everton, Manchester United, Norwich City, Tottenham Hotspur and Southampton.

Belgium's government backed a recommendation by Interior Minister Charles-Ferdinand Nothomb that all British soccer clubs, including Scottish, Welsh and Northern Ireland teams, should be banned indefinitely from playing in the country. Craxi call, Page 2

WORLD NEWS

Train crash injures 99

...ty-nine people were hurt ... a London-Gatwick express ... drove into the back of ... passenger train at Battersea Park station.

Only 12 were kept in hospital, however, none giving cause for concern. BR said an inquiry would be held to find out why the two trains were on the same line.

Optimism on Lebanon

Talks between Lebanon and Syria were reported to have brought "new understanding" ... to end the Lebanese ... conflict. Back Page

...a deal set back

... decision to break off ... with South Africa, and ...'s response, have set ... prospects of an early deal ... Namibia. Page 3

... decision soon

President Reagan will announce ... June 10 whether he will observe or scrap the unratified U.S.-Soviet Salt 2 treaty limiting strategic nuclear missiles.

Lisbon coalition shaky

Portugal's coalition government looked shaky after talks between party leaders broke down. Page 2

Steel guarded on pacts

Liberal leader David Steel refused to say he would not enter a pact with other political parties without SDP leader Dr David Owen. Page 4

Bombers sentenced

Three Irish National Liberation Army members were jailed for 20 years in Belfast for a bomb attack on a bar in Strabane, Co Tyrone, in 1983 in which 15 people were hurt.

Aid for Bangladesh

Britain is giving £700,000 to help Bangladesh cyclone victims, Overseas Development Minister Timothy Raison said.

Iraq attacks Tehran

Iraqi aircraft attacked Tehran, hours after Iran's parliamentary speaker, Hoshemi Rafsanjani, said the city was safe from air raids.

Basque violence grows

Three people were killed in Basque separatist attacks, undermining the Spanish government's claims to having the violence under control. Page 2

China 'may go to war'

Peking might consider a military assault on Taiwan in seven to 10 years, but is not strong enough to do so now, Chinese leader Hu Yaobang was reported as saying. Page 3

Torture damages award

A South Korean court ordered the state to pay £22,000 damages to a woman tortured by police investigating a murder.

Financial Times

We apologise for the number of typographical errors in this edition, which is due to problems caused by a mandatory union meeting of the National Graphical Association.

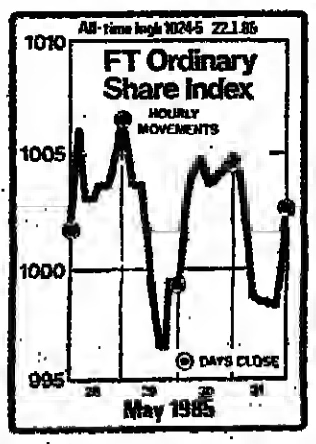
BUSINESS SUMMARY

Weak dollar boosts pound

STERLING pushed ahead strongly against major currencies yesterday, helped by the weak dollar and continuing high UK interest rates. It finished 1.2 cents up in London at $1.2865 and the Sterling Index closed up 0.4 at 80.3, its highest level for a year.

A further monthly fall in U.S. factory orders in April and another rise in the trade deficit put the dollar under pressure. The U.S. currency lost ground in London and Bank of England figures put the dollar index down 0.7 at 145.3. Page 11

GILTS continued the firm tone they have shown on the London Stock Exchange since the Whitsun holiday, but equities moved indecisively, with Blue Chips



giving early ground to revive late in the day. The FT Ordinary share index rallied from 998.2 at 3 pm to close 2.1 down on the day and just 0.9 up on the week. Page 12

FRANKFURT BOURSE recorded its fourteenth record high this month after hectic trading which took the Commerzbank 60-share index 5.9 up on the day to close at 1,310.1—97 points higher than at the beginning of May. Page 10

KRUPP STAHL'S planned merger with fellow West German steel producer Kloeckner-Werke has run into political problems. The merger, due to take effect on July 1, will not now go through this year. Page 9

CONTINENTAL-GUMMI, West German tyre maker, has paid the Austrian company Semperit DM 47m (£11.95m) for a 75 per cent stake in its subsidiary Semperit Reifen. Page 9

BANK OF ITALY Governor Carlo Azeglio Ciampi warned his country's government it is overspending. The public sector borrowing requirement is too high and must be brought into line with the 1985 target, he said. Page 2

BRITISH AEROSPACE has signed the definitive contract with the China Aviation Supplies Corporation, which is buying 10 airliners. The deal is valued at $150m (£116.6m). Back Page

LONDON & MIDLAND Industrials says it will not be raising its £44m contested bid for Allied Textile Companies. The news sent ATC shares down 50p on the day to close at 450p. Page 8

CAR COMPANY MAY SET UP LABOUR POOL

Nissan plant attracts 3,000 for 22 jobs

BY DAVID GOODHART, LABOUR STAFF

NISSAN, the Japanese motor company, received 3,000 applications for the 22 supervisors jobs it advertised at its new car assembly plant in the North-east and expects about 25,000 applications for 450 jobs about to be offered there.

The company is also considering radical proposals to maintain a supply of skilled labour for the plant—possibly paying potential staff a retainer while they are not employed by the company.

Nissan's estimate of the number of applicants for its proposed factory in Washington, Tyne and Wear, was disclosed by Mr Peter Wickens, UK director of personnel, at a Brussels conference on industrial relations.

It highlights the fact that many of the exceptional features of the single-union deal with the Amalgamated Union of Engineering Workers, such as the high degree of flexibility and the arbitration arrangements, have been accepted against a regional backcloth of exceptionally high unemployment.

Mr Nickens said that, because the company expected so many inquiries from good applicants it could not immediately take on, there were plans to establish a "bank" of people who could be called up later if still unemployed.

"People we would like to take on but we don't have room for could, perhaps, come to work for us on a temporary basis," he added.

The large majority of the 450 workforce, who are expected to start assembling 24,000 cars a year in mid-1986, will be full-time.

Mr Wickens did not rule out some part-time or temporary contracts and speculated that temporary workers drawn from the recruitment "bank" might be paid a retainer. If a full-time job became vacant, they would be first in line.

Because of the crucial importance of first-line supervisors in Japanese management philosophy, Mr Wickens said great care was taken over the recruitment.

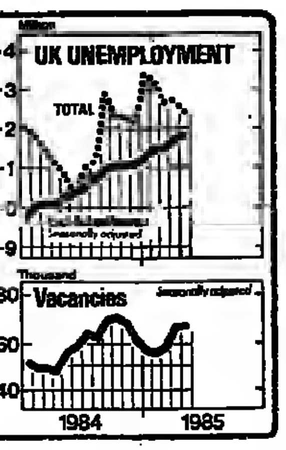
Out of 3,000 applicants 250 were interviewed and 75 went through full assessment. "The company still struggled to get 22 who were absolutely right," he said.

Four had degrees, a dozen were qualified to at least HNC level, and the rest were highly experienced.

Explaining briefly why the AUEW had been chosen as the single union, he said: "That was the union we felt the majority of our employees would want to join."

Skilled staff were not usually interested in joining a general union, while general workers were prepared to join a skilled union, he said. While the AUEW was no longer overwhelmingly a skilled union, it still had a skilled "aura."

Mr Wickens surprised some conference delegates by revealing that senior engineers at Nissan would be on a basic £16,000 to £17,000 a year, plus a company car. He said a relatively high rate had to be paid initially to attract suitable staff from other car companies, especially as they may have to move home. While the rate might be higher than at Austin Rover, it was probably below that at Ford.



Jobless trend still upwards

By Max Wilkinson

THE NUMBER of people out of work fell by 32,000 to 3.24m in May, but the decline was less than would be expected at the time of year.

Department of Employment figures yesterday showed that after adjusting for seasonal variations and excluding school leavers, unemployment rose by 3,000 in the month to a record 3.18m or 13.1 per cent of the working population.

This rise was much less than the 28,200 increase in the adjusted total in April. However, taking the first five months of this year, it appears underlying unemployment has been rising fairly steadily at an average of about 15,000 per month.

This is almost the same rate of increase during the first five months of last year.

Mr Tom King, Employment Secretary, yesterday welcomed the apparent deceleration in the rate of increase between April and May, but said: "The underlying trend

Continued on Back Page
Unemployment map, Page 4

UK computer team set to start Star Wars technology drain

BY PETER MARSH

A TOP BRITISH team of computing experts is set to join the U.S. Star Wars research programme which is aimed at creating the basis of an anti-missile defence system by the 1990s.

The group at Edinburgh's Heriot-Watt University has been told it can expect a grant of $150,000 (£65,500) to last until the end of this year, with substantially more cash to follow.

Professor Desmond Smith, the head of the team, said yesterday he decided to join the $26bn Star Wars project, which is directed by the Defence Department in Washington, because of the difficulty of obtaining cash in Europe to fund further developments of his project.

"The consequences of this could be that the technology is lost to Europe. But funding is difficult to come by in Britain, so what choice do we have?"

The Heriot-Watt team specialises in optical computing, an area in which Prof Smith is considered to be a world leader. Optical computers are machines in which instructions are carried by beams of light, rather than by relatively slow-moving electrons.

As a result they could work up to 100,000 times faster than today's computers. The machines could be important in the electronic gadgetry that the U.S. may deploy in the 1990s to detect the presence of Soviet missiles and destroy them as part of an operational Star Wars system.

The development involving Heriot-Watt is the first public sign of the rediction of a major European research effort to meet the needs of the Star Wars programme, more formally called the Strategic Defence Intiative.

Officials of European governments, who are deciding how to respond formally to the U.S. invitation to join the programme, have expressed concern about such a train of events which, they say, could increase the technology gap between Europe and the U.S. and Japan.

France has already said it will not participate in Star Wars. It has proposed instead a pan-European research programme called Eureka that would direct new technologies to civilian applications.

Prof Smith is already heavily involved in European research as the head of a European Commission-funded programme in optical computers. The Ecu 1.8m (about £1m) programme involves eight universities in Belgium, West eGrmany, France, Ireland and Italy, and is intended to produce the world's first optical computer by next year.

Crucially, the funding allows only for basic research in opti-

Continued on Back Page
Background, Page 2

Posgate may return to Lloyd's

BY JOHN MOORE, CITY CORRESPONDENT

THE EXPULSION from Lloyd's of Mr Ian Posgate, once one of the insurance market's leading underwriters, is understood to have been reduced to a period of suspension by Lord Wilberforce, the former Law Lord and head of the market's appeals tribunal.

That came after an appeal by Mr Posgate, heard in public last month, against the recommendation of the market's disciplinary committee that he be expelled.

Lord Wilberforce's action, if implemented, might allow Mr Posgate to start underwriting at Lloyd's.

Mr Posgate, who has been suspended from underwriting at Lloyd's for two and a half years, was found by the disciplinary committee to have been guilty of discreditable conduct in accepting gifts intended to induce him to place reinsurance business through the Alexander Howden Group, a large insurance broking group with extensive Lloyd's underwriting interests. He was Alexander Howden's star underwriter until 1982.

Lord Wilberforce heard during the appeal that an impressionist painting worth $90,000 (£70,000) and shares in a Swiss bank, the Banque du Rhone et de la Tamise, were given to Mr Posgate by Mr Kenneth Grob, the former chairman of Alexander Howden.

Mr Posgate contended that the Pisarro painting and the shares were for services rendered. Lloyd's alleged that he had accepted them knowing that they were intended to influence him to place reinsurance through Alexander Howden Group.

The disciplinary committee had acquitted him of serious charges of being a party to plundering, siphoning off of funds and shuffling figures of Alexander Howden Group for the personal benefit of himself and others.

Lord Wilberforce's decision has to be ratified by the Lloyd's ruling council. It can reduce the award by the appeal tribunal, but not increase it.

Details of the decision are not known, but there was speculation in the Lloyd's market that the sentence might have been changed to a five-year suspension order, operating from the time that Mr Posgate was first suspended at Lloyd's in January 1983.

Mr Posgate was not available for comment yesterday. Mr Ian Hay Davison, Lloyd's chief executive, said that he could not comment on the matter.

Barre sets his sights on Elysee Palace

BY DAVID MARSH IN PARIS

M RAYMOND BARRE, the former French Prime Minister, yesterday fired the starting pistol for the 1988 presidential election campaign, declaring himself ready to run for office without formal affiliation to the country's Opposition parties.

M Barre, who has emerged in recent months as the most implacable opponent on the Right to President Francois Mitterrand, renewed his call on the President to resign if the Left — as indicated by current opinion polls — loses its majority in the National Assembly in next March's legislative elections.

M Barre's announcement, in an interview with the weekly news magazine L'Express, was hedged with the condition that he would stand for the presidency if only he felt he could benefit from the support "of a large majority of the French pepole."

His right-wing rivals for the presidency, former President Valery Giscard d'Estaing and M Jacques Chirac, leader of the neo-Gaullist RPR party, have not eyt fromally thrown their hats into the ring.

M Brrae's growing outspokenness, both against the Socialist Government and against "party-politicking" on the right, have helped him move ahead of other opposition politicians in opinion polls. Most recently at 48 per cent, compared with M Barre's support was reported 34 per cent for M Chirac and 29 per cent for M Giscard d'Estaing.

In his interview, M Barre called again for a "frank and massive" vote against the left in next year's elections. He said he would refuse to support a parliamentary vote of confidence in any right-wing goevrnment which might be formed afterwards while M Mitterrand remained in the Elysee Palace.

M Barre said a right victorious in the elections must not be caught in the "trap" of "cohabitating" with M Mitterrand. That would weaken the Government's decision-making capability both domestically and internationally.

The former Prime Minister, who at the end of his term in office in 1981 reached the depths of unpopularity with the electorate reaffirmed that he intended neither to join an opposition party nor to found one of his own.

This posture has earned him criticism from others on the right that he is dividing the Opposition. But M Barre is clearly hoping that his uncompromising stance, which is gaining acceptance from a growing number of opposition deputies, will place him in favourable contrast to M Giscard d'Estaing and M Chirac. Neither of his rivals has ruled out the possibility of becoming Prime Minister under M Mitterrand next year as part of an attempt to win the presidency in 1988.

M Barre in his interview said France's economic policy must be based on the search for a durable surplus in the current account of its balance of payments and a cut in its inflation rate to the average western level. These are substantially the objectives of M Mitterrand too.

He also professed support from M Mitterrand's Eureka programme designed to bolster the EEC in key technologies, saying that he hoped West Germany in particular would join the project.

Joseph ready to see action by teachers into 1986

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT is ready to see school disruption by teachers' unions go on into next year, Sir Keith Joseph, Education Secretary, told the National Association of Head Teachers' conference in Scarborough yesterday.

He emphasised that he had spoken his "last word" on extra Treasury money this year to raise the 5 per cent pay offer for 440,000 teachers in England and Wales.

The unions are claiming more than 12 per cent backdated to April 1.

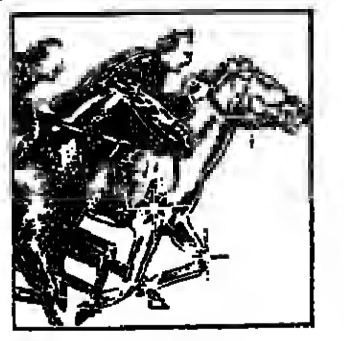
Cries of "Shame" from some of the 620 head teachers present greeted Sir Keith's declaration of regret that the pay dispute remained unsettled. Numerous speakers had earlier criticised the Education Secretary for insensitive handling of the dispute and of the needs of education as a whole.

Sir Keith said later that he was not worried personally by the criticisms. He was concerned only that some school heads "don't realise how easy it would be to be popular for a few days and reviled thereafter for the damage one had done."

Higher pay increases for

Continued on Back Page

WEEKEND FT



BLOOD MONEY

Wednesday's Derby is a top attraction for those wanting a flutter, but the bloodstock industry offers scope for massive profits—or losses

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BOOKS

A biography of Broadway's favourite rebel, Tennessee Williams

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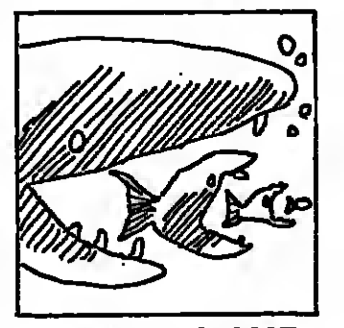

FINANCE AND THE FAMILY

How the small shareholder should jump in a takeover battle

Page VII

DIVERSIONS

Kitchener wore one on his deathbed. A battered Bogart version featured in Casablanca. Lucia van der Post looks at the enduring appeal of the Burberry

Page XIII

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime $1.291
DM 3.0455	London: $1.2865 (1.2745)
FFr 9.291	DM 3.9325 (3.925)
SwFr 2.5625	FFr 12.0075 (11.95)
Y250.9	SwFr 3.3150 (3.3050)
London:	Y323 (320.5)
DM 3.0565 (3.081)	Sterling Index 80.3 (79.9)
FFr 9.32 (9.385)	
SwFr 2.5725 (2.5975)	
Y251.15 (251.5)	
Dollar index 145.3 (146.0)	

U.S. LUNCHTIME RATES	LONDON MONEY
Fed Funds 7.5%	3-month interbank:
3 month Treasury Bills: 7.14%	Closing rate 12¼% (12⅜)
Long Bond: 105¼	3-month eligible bills:
yield: 10.62	buying rate 11⅞% (11⅛)

GOLD	STOCK INDICES
New York Comex June latest $318.5	FT Ord 1002.5 (−2.1)
London: $ 316 ($314.25)	FT-A All Share 634.16 (−0.1%)
	FT-SE 100 1313 (−1.7)
	FT-A long gilt yield index: High coupon 10.67 (10.7)
	New York lunchtime: DJ Ind Av 1307.57 (+1.79)
	Tokyo: Nikkei Dow 12758.46 (−31.81)

CONTINENTAL SELLING PRICES: Austria Sch 15; Belgium Fr 35; Denmark Kr 7.25; ... Fr 6.00; W. Germany DM 2...; ... L1,500; Netherlands Fl 2.50; Norway Kr ...; Portugal Esc 65; Spain Pts 110; Sweden Kr 6.50; Switzerland Fr 2.20; ... and Eur, Malta 35c.

CONTENTS

For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.

Craxi calls for tough curbs on violence in sport

BY JAMES BUXTON IN ROME

SIG BETTINO CRAXI, the Italian Prime Minister, yesterday expressed warm appreciation for what be called the "deeply-felt" response of tha British Government to the tragedy at the Enropean Cup Final in Brussels on Wednesday night.

But while the corpses of the first victims were returned to Italy from Belgium, there were isolated incideots reflecting anti-British feeling on the part of ordinary Italians.

At a Cablnet meeting, which postponed to a later date making special financial provisions for the benefit of the victims of the disaster and their fsmilies, Sig Craxi expressed his "understandlng for a highly-civilised country which is bearing the shama for the criminal action of violent and irresponsible gangs."

He hoped that "concrete and effective" measures could be taken to "cut off at the root" the phenomenon of organised violence in sport.

Prompt response

He noted the prompt response of the Belgian authorities to the disaster, which took the lives of 38 people, 31 of them Italians, wben Liverpool supporters burst out of their enclosure and assaulted fans of Juventus, the Turin side.

But he remarked on the "evident inadequacy of the measures of prevention and security" which had had a major effect on the situation "and on its tragic consequences."

The Italian Government is to ask both Britain snd Belgium to explain exactly what they did both to warn of the possibility of trouble and to take action to avoid it.

The Prime Minister invited tbe Cahinet to consider what measures of a legislative kind it should take to compensate tbe relativesof those who died in the disaster and those who were injured. This will be considered at another meeting.

Condemnation

In Parliament yesterday, Sig Oscar Mammi, the Parliament Minister, for the second day running, spoke without mincing his words of the "aggressiveness" and "bestiality" of the Liverpool fans, wbo, he claimed, were clearly intoxicated.

One MP said: "These are the effects of Thatcher's pollcies which transform the unemployed into drinkards."

The notably restrained official Italian attiude towards Britain and tbe responsibility Britain bears for the disaster seems in part to reflect Mrs Margaret Thatcher's very swift and complete condemnation of the action by Liverpool fans on Wedesnday nigbt.

Ita lso seems to reflect her prompt promise of £250,000 as the basis of a fund for the victims, the condolences sent by the Queen and the evident universal sbame f elt and expressed by the British people and press over what happened.

The Italian Press has harsbly harshly criticised the Belgian authorities, and distinguished between certain British football fans and the rest of the British people.

But many ordinary Italians still feel bitter and shocked at the unprovoked and lethal attack on Juvntus supporters in Brussels on Wednesday night.

There have been incidnts in the seaside resort of Rimini on the Adriatic coast where two British tourist buses had their windows smashed, and a crowd of about 100 people gathered to yell insults and threaten British tourists in an English-style pub in the town.

The Belgian Government formally confirmed a ban on visits by all British football teams, whether professional, amateur or eveo school teams, in tbe wake of tbe deatb toll at Wednesday's European Cup final in Brussels.

Mr Wilfried Martens, the Belgian Prima Minister, made tha announcement after a Cabinet meeting to discuss tha aftermath of tha matcb between Liverpool and Juventus.

The blanket han will remain nntil tbe British clnbs, and the Enropean Union of Football Associations (Uefa) bave taken "sufficient measures" to ensure no repetition of the crowd vinlence which left 38 dead, he said.

Mr Martens promised to raise the wbole sobject at his bilateral meeting with Mrs Margaret Thatcher before the Milan EEC summit at the end of the month, and to pnt it on the agenda in Milan.

Belgian police are also compiling evidence against any identifiable football fans guilty of vinlent crimes before, during and after the game.

It wil send this to hoth British and Italian anthorities with a request for them to prosecute offenders in their own conntries, M Jean Gol, Justice Minister said.

Mr Martens said it was impossible to make any distinction between British football teams, but the han would not apply to other sports.

Bank of Italy urges reduction of budget deficit

BY OUR ROME CORRESPONDENT

THE Bank of Italy, the country's most authoritative economic body, yesterday urged the Gnvernment of Sig Bettino Craxi to take prompt action to reduce its budget deficit and implement a "more vigorous" incomes policy.

Dr Carlo Azeglio Ciampl, the governor of the central bank, said that storm clouds were on the horizon for the Italian econnmy. The state sector deficit for the first four months nf 1984 had risen mucb faster than it did in the equivalent perind of 1984, "displaying a trend incompatible with the targets" set by the Government for the year.

The balance nf trade and the balance of payments were following a trend twice as bad as that of the same period nf 1984, and domestic demand was expanding faster than tbat of Italy's main competitors, he said. Consumer price inflation had nnt slowed down for six mooths and wholesale prices had been accelerating since the beginning of the year.

The governor, presenting the bank's annual review nf the economy, noted that the Italian economy had finally come out of recession last year and registered growth of 2.6 per cent while inflation had fallen into single figures for the first time in 11 years and said the economy "still provides grounds for concern."

Monetary policy, under the central bank's direct control, was seeking to limit the damage caused by the current "imbalances." But more action was needed "if we are to move the factors making for deterioration of the Italian economy and restore a climate of confidence."

But Dr Ciampi said: "There is increased awareness that the fundamental problems (of the economy) cannot be evaded. A highly civilised nation should have the courage to submit to self-imposed rules and limitations."

He said that if Italian exports rose in line with world demand: "The annual growth of GDP that is compatible with current account balance is around 2.5 per cent. With productivity gains of approximately 2 per cent the excess supply of labour would contioue to increase and be close to 3m pecsons by 1990," compared with an unemployment figure just over 2m today.

He defended the central bank's often-criticised policy of keeping the lira relatively higb in the European monetary system on the grounds that this was necessary to help companies import new technology to be able to export more afficiently in the future.

"In the phase we are traversing the increase in the propensity to import is the cost that has had to be paid to acquire and develop the necessary technologies and to expand export markets. To abandon this process in midstream would entail giving up the benefits in terms of lasting ability to export that were the justification for incurring the cost."

Turning to the international financial system, Dr Ciampi emphasised the ned for greater compatibility among the fiscal and monetary policies of major economies. He said that exchange rate stability must "once again become a high-priority objective" and called for increased multilateral surveillance in the foreign exchange market.

In particular, the Italian central bank governor called for the International Monetary Fund to be granted "hroader and more incisive powers to bring about adjustments when the policies adapted by the leading countries fail to produce sufficiently stable exchange rates."

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Chris Sherwell tells how a tough-minded Government yielded to demands from an unlikely quarter

Singapore taxi row forces embarrassing about-face

IN A remarkable reversal, Singapore's traditionally tough-mioded leadership has csved in to demands from an unlikely quarter in order to undo an embarrassing blunder.

Tbe pressure has come from the island state's voluhle taxi-drivers, whose well-kept cars and near-legeodary honesty have won about as much praise as their irritating unavailability bas attracted criticism.

The issue was s huge rise in taxi fares imposed from April 1, which more than douhled the cost of some journeys and was aimed maioly at ending the shortage. The rise was coupled with a six-fold increase in duty on taxis' diesel fuel, to take effect in Octoher.

Singaporeans, already adjusting to more straitencd economic circumstances this year, promptly decided not to dip into their pockets and, en masse, refused to take taxis.

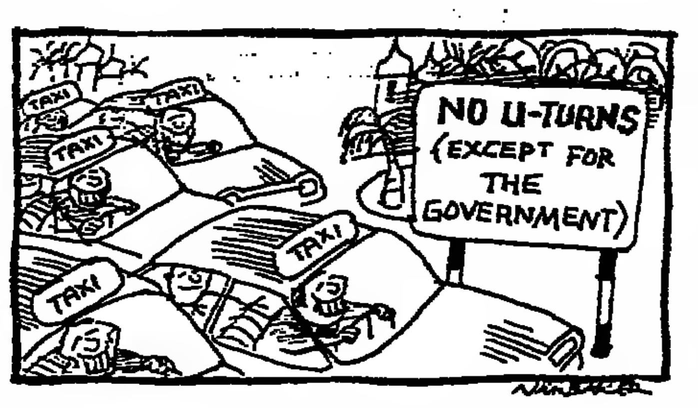
The result was long queues of cabs everywhere, in some cases disrupting the regular traffic, and—given the extra tax to come—some furious drivers.

Business in the city itself quickly became so bad that the new, more expensive fare from the airport produced two-mile-long lines of taxis waiting up to five hours for arriving air passengers and hetter revenues.

When the Prime Minister, Mr Lee Kuan Yew flew in from a trip abroad, he was hooted in disgust.

The explanation for the dramatic slump lies more in the special role accorded to the country's 11,200 taxis than in the apparent miserlioess of 2.5m Singaporeans.

The island state has an efficient bus system but no metro, and operates a tough policy to discourage car ownership. Taxi density has therefore ben kept high, and taxi fares low, so that Singaporeans can use them to commute to work and as a general alternative to private cars.



The trouble, however, was that lucrative surcharges on airport trips, on pick-ups at certain times in the city centre and on advance hookings created a desperate shortage of cruising cabs. This was reinformed by the temptation for some drivers to use the low diesel tax to run their taxis as cheap personal vehicles.

When it came, the fare rise was a boon only to those consumers who, as in most countries, had the money to spend or treated taxis as a luxury form of transport. It was a disaster for the drivers, and it even hit restaurants because of the higher costs of eating out.

The drivers, who at one point last year were told not to discuss local politics with passengers, simply became even more critical, and the Ministry of Communications, which had plainly got its supply and demand forecasts disastrously wrong, agreed within days that taxis could offer a 20 per cent discount.

The unfortunate minister concerned, the young and ambitious Mr Yeo Ning Hong, then stood up in parliament earlier this month and said he was reviewing taxi fares and the Government might even reconsider the diesel tax. He also spoke vaguely of allowing the market to set the fares.

Finally, last Monday, he announced that the original 30-150 per cent fare rise was baing lowered to 20-40 per cent, as proposed by the drivers. It is effective from today.

Inevitably, people have wondered why Mr Yeo did not resign or get the sack — after all, an up-and-coming minister lost his job in 1983 for far less.

One senior minister privately acknowledges the magnitude of the blunder, but says: "We can't deprive the drivers of their livelihood. We'll now have to see how the new fares work out."

While customers will probably return—the trickle began when the discount was announced—the next chance for change must now wait, as perhaps it should always have done, until tbe metro system is in operation, in 1988.

For a government which prides itself on making unpopular decisions stick, however, the taxi saga bas been a considerable test. It has also astonished Singaporeans.

But after the ruling party's first fall in popular support in more than 20 years at last December's election, there is now an obvious virtue in being able to make, and withstand, an embarrassing about-face.

Passage to India comes home early

By John Elliott in New Delhi

SIR DAVID Lean's film A Psssage to India last night made its own journey to tbe land that inspired E. M. Forester's novel, thanks to an Indian Businessman living in London.

Mr Dharam Praya Dass, a Kenya-born Indian lawyer who is setting up husiness in India, bas put up the $250,000 wanted by David Lean for rights in India and Bangladesh. This has enabled the film to he sbown soon after its release in the West, instead of some years later.

India usually restricts the import of expensive films in order to conserve foreign exchange, so many major films arrive in India late or are not shown at all. But earlier this year, the Government allowed Indians living abroad to import films, providing they kept the proceeds in India.

This is part of a general policy to encourage thousands of rich and taltented Indlans abroa rich and talented Indians abroad to bring their wealth aod knowledge back home, boosting the country's foreign exchange and industrial potential.

A large number of Indians have responded, ranging from rich businessmen who bave staged controversial company take-over bids, to a Sikh wbo helped United Biscuits set up a Wimpy bar in New Delhi, and an engineer in the U.S. who is designing an all-Indian electronic telephone switching system.

Mr Dass, wbn has textile and television businesses, bas already imported the film Supergirl wbich was sbown in Delhi last montb. He will be bringing in about six more films a year, including Santa Claus, staring Dudley Moore, in time for Cbristmas.

He is also trying to set up a six- to eight-hour television series on the history of India's Moghul rulers, baving made an award-wioning film in Hindi and English last year called Utsav.

● A summit to discuss the Sri Lankan ethnic crisis, which is upsetting the island's development and is causing refugee problems in Europe, is to take place in New Delhi tomorrow between Mr Rajiv Gandhi, India's Prime Minister, and President Junius Jayawardene of Sri Lanka.

It will be the first major meeting of the two leaders since Mr Gandhi hecame Prime Minister seven months ago. After a morning of talks in New Delhi, they will fly together to Bangladesh to take note of the effects of the cyclone disaster, with Gen Ershad, the country's President.

Afghan talks to resume

PAKISTAN and Afghanistan will resume talks io three weeks oo wayst o end the Afghan war hut tensioo hetween the superpower still clouds the dialogue, Reuter reports from Islamabad.

UN Uodersecretary-General Diego Cordovez, who declared the tbree-year diplomatic searcb for a settlement "alive aod well," said officials in Islamabad and Kabul had assured bim they believed negotiations were the only way to endt be war.

He said he was rsonsonably confideot the UN-sponsored talks resuming in Geneva on Jooe 19 or 20, would be constructive, aod hinted that both sides bad cbanged their positions sioce the unsuccessful last round in August 1984.

Pakistan and Afghanistan have been bolding indirect talks since June 1982 aimed at withdrawal of Soviet troops from Afghaoistan aod repatriation of Afgban refugees from Pakistan and Iran.

Angola quits Namibia talks, says Botha

BY JIM JONES IN JOHANNESBURG AND MICHAEL HOLMAN IN LONDON

MR PIK BOTHA, South Africa's Foreign Minister, has announced that Angola has hroken off all talks with Pretoria over independence for Namibia in the wake of last week's alleged attempt by South African commandos to sabotage an oil installation in the northern Angolan enclave of Cabinda.

If correct, it marks a serious setback to efforts to reach an internationally acceptable settlement in Namibla and may indicate Pretoria's determination to press ahead with its own plans for the territory's independence.

But no announcement has heen made in Luanda, and offirial statements made in the Angolan capital over the past week do not hear out Mr Botha's claim.

The Luanda Government has turned down South Africa's demand for an immediate meeting to discuss the return of a captured South African commando, and the bodies of two of his colleagues killed in the incident.

But Mr Botha's claim has so far been the only indication that talks on Namibia's independence and the contentious issue of the 25,000-strong Cuban preseoce in Angola have been hroken off.

On Wednesday nigbt, when introducing the South African prisoner to a Press conference, a senior Angolan official referred to forthcoming meetings between Angola, South Africa an dthe U.S. which bad been scheduled before the alleged sabotage attempt.

The Angolan Government would not allow South Africa's request for the release of the hodies and the prisoner to be raised at the talks, the official said.

The position was unclear last night, but it may well be that this assertion prompted Mr Botha's response on Thursday night.

During the announcement that Angola had broken off all talks over Namihia, the minister said that Luanda had been seeking a pretext to break off talks on the withdrawal of Cuban troops, a precondition to South Africa's acceptance of a United Nations settlement plan for the territory.

While South Africa remained willing to honour international commitments on Namihia provided the Cuban troops left Angola, it was no longer certain that this goal was attainable, the minister sdded.

As a result, he continued, the South African Government proposed to discuss future strategy with the alliance of internal Namibian parties—seen in Pretoria as a strong bint that the South African authorities are prepared to bypass the UN plan.

AP adds from Johannesburg: Mr Jack Abramoff executive director of Citizens for America, said yesterday that guerrillas from four nations sre to meet in south-eastern Angloa over the weekend to form an alliance against Sovlet Communism.

He expected guerrilla leaders from Nicaragua, Afghanistan and Laos to gather at the hush headquarters of the anti-Marxist National Union for the Total Independence of Angola.

"The aim is to form a permanent, anti-Soviet, pro-democratic alliance to promote constitutional democracies in these countries and across the globe," Mr Arbramoff, whose lobbying organisation was founded with President Reagan's endorsement, said.

● The Angolan Government, saying the moment is "not opportune," has reiterated its refusal to discuss the release of a South African commando captured at the Angola's Cabinda Gulf oil complex last week.

But the Marxist-ruled black government indicated it is willing to continue bilateral contacts with South Africa over other regional issues.

EEC talks for Iberian leaders

BY QUENTIN PEEL IN BRUSSELS

The Prime Ministers of Spain and Portugal, Sr Felipe Gonzalez and Sr Mario Soares, have been invited to tbe forthcoming EEC summit in Milan as full participants in the dehate on the long-term future of tbe European Community.

Tbe invitation from Sig Bettino Craxl, the Italian prime minister wbo will chair the meeting, means hoth prospective EEC member will take part in key discussions barely two weeks after the formsl signing of their accession tresties, snd before they have been ratified hy national parliaments.

The move has heen cleared with tbe other EEC leaders, who unanimously welcomed it as sensible.

Both prime ministers will be involved in tbe debate on the future of European institutions, based oo the Dooge Committee's report. They will also take part in the talks on the other two key issues at the summit: European co-operation on researcb into high technology fields, and the removal of all remaining barriers to a genuine common market by 1992.

The expansion of the EEC summit meeting from 10 to 12 participants six months before Spain and Portugal are due to hecome full Community members is possible because the gatherings bave no legal status. Tbe decision-making body of the member states remains the Council of Ministers, whicb the new member can join only after formal accession.

However, Sr Gonzales and Sr Soares have been promised consultation on all Community matters as soon as their accession treaties are signed on June 12. The EEC foreign ministers have also agreed that they should be involved in discussions on political co-operation—the Commnnity's co-ordination of its foreign policies—from September.

Althougb the original suggestion was to involve both prime ministers only in tbe debate on the Dooge report, the Italian presidency decided it would be absurd to exclude them from the rest of the discussions.

Tbe Dooge ceport suggests possible changes to speed up decision-making by member states, and to increase the use of majority voting, as well as ways of increasing the powers of the European Parliament.

Cut-price EEC butter sales agreed

By William Dullforce in Geneva

THE Europeao Economic Community yesterday received tba green ligbt from the International Dairy Council to sell off a large part of its butter mountain to other countries at sharply reduced prices.

The council, an organ of the Geoeral Agreement on Tariffs and Trade (Gatt), agreed on new minimum prices for sales of butter and some other dairy products under the International Dairy Arrangement (IDA).

It also agreed to allow tha sale of hntter wbich is at least 18 months old at prices below the minimum.

Tbe EEC calculates that by next year some 500,000 tonnes will have been held in its stocks for 18 months

The minimum price for butter bas heen reduced from $1,200 to $1,000 a toone.

Nato group seeks study to cut cost of armaments

ARMAMENTS directors of 13 European Nato allies have drawn up proposals for s major study oo the elimination of wasteful dunlication in arms production, officials said yesterday. Reuter reports from Madrid.

They also listed 50 areas foc potential collaboration including development and production of torpedoes, radar receivers, mine sweepiog systems and target surveillance devices.

The Nato officials said the recommeodations were made at a two-day meeting of the Independent European Programme Group (IEPG) aod will be put to the group's defence ministers wbcn tbey meet in London on June 17.

The IEPG, whicb groups all Europeao members of Nato exceot Iceland, was set up in 1976 to sour joint productioo of armaments and increase co-operstion between Europe and the United States.

National interests bave frequently prevented Western Europe from making maximum use of its potential foc joint ventures mainly because tbe largec nations bave been anxious to protect their vital industries.

The officials said the projected study would examine all facets of the armaments industry to rationslise the developmaot aod manufacture of weapons in Europe. The aim would be to cut costs and unnecessary duplication.

The srmaments directors also reviewed the 20 current joint projects, which include anti-tank guided weapons and air-to-air missiles. Tbe officials said there was some disappointment ibat no new partners opted to join tbem.

Boeing $175m jets deal with Brunei

By Michael Donne, Aerospace Correspondent in Paris

BOEING of the U.S. has sold three of its Type-757 twin-engined jet airliners using Rolls-Royce engines to Royal Brunei Airlines in a deal worth about $175m (£145m) including spares and support equipment.

Tbe agreement, announced yesterday at the Paris Air Show, brings total orders for the 757 to date to 145 aircraft, the majority of which are powered by the Rolls-Royce RB-211-535 E4 advanced jet engine.

Another development announced yesterday was a further extension of the great debate on the so-called Prop-fan type of aero-engine for the 1990.

This has heen a dominant feature of the Paris Air Show. McDonnell-Douglas Corporation and General Electric, both of the U.S., are announcing an agreement to participate in a full-scale flight test programme of General Electric's so-called "Unducted Fan" (UDF) engine on a McDonnell-Douglas MD-80 twin-engined aicliner in early 1987.

Tbis flight test programme will be competing with a comparable programme undertaken by Boeing and General Electric using a Boeing 727 jet airliner next year.

The objective of these competitive programmes is to determine the suitability of these revolutionary new propeller-driven power-plants for a new generation of airliners for tha 1990s.

This new concept is being *studied not ooly by all the* major aero-engine manufacturers — Rolls-Royce, General Electric, and Pratt and Whitney and Allison of the U.S. — bnt also all the major airframe manufacturers including Boeing, McDonoell-Douglas and Airbus Industrie of Western Europe.

Japan trade surplus rises to $4.13bn in April

By Jurek Martin in Tokyo

JAPAN continued to record heavy current account and trade surpluses, combined with a substantial outflow of long-term capital, in April, the Ministry of Finance reported yesterday.

The current acconot surplus rose to $4.13bn (£3.4bn) from $2.54bn in March and $3.52bn in April lsst year. The trade surplus hit $4.14bn, compared with $3.32bn in March and $3.9bn in April 1984.

Long-term capital ontflows, mnstly to the U.S., reached a net $5.55bn in April, more than double tbe $2.21bn of the previous month and up on the $4.42bn a year ago.

On the merchandise front, exports rose hy 3.1 per cent, only slightly faster than imports (2.1 per cent). Preliminary figures covering the first three weeks of May point sgain to only a modest increase in exports but to a sharper drop in imports.

The magnitude of the Japanese surpluses in tha coming months, especially with the U.S., will be closely watched on both sides of the Pacific.

It is widely feared in Japan that if they do not cootract, the U.S. Congress will take protective action against Japanese goods.

An indication of this concern was evident yesterday when it was revealed that a bandful of senior politicians and industrilists had actually discussed wbether or not Japan sbould impose a pre-emptive export surcharge.

No recomendations were made, however, and the hureaucracy is knnwn to have little interest in the idea st this stage.

Portuguese coalition nears breakdown

CHANCES of survival for Portugal's centre left coalition appeared shaky last night. Sr Mario Soares, the Socialist Premier, requested an urgent audience with President Antonio Ramalho Eanes o inform him officially of the breakdown of his talks with the new leadec of the Social Democrat Party (PSD), Sr Anibal Cavaco Silva. The PSD is the junior coalition partner.

After two days of meetings Sr Soares and Sr Cavaco Silva failed to reach a compromise

The latest Portuguese Government crisis comes less than a fortnight before the cecomonial signnig io Lisbon of Portugal's EEC accession treaty and six weeks before July 14, when tha five-month run-up to presidential elections will have begun.

The main problems rest with Sr Soares' insistence that the new PSD leadership reaffirm the party's commitment to partnership until 1987, the natural end of the coalition's four-year mandate, and not support a presidential candidate who opposes the centre left coalition.

Death toll undermines Madrid claim of curbing ETA

BY DAVID WHITE IN MADRID

Barrionuevo: reaffirmed offer

LAST MONTH's toll of nine dead from Basque terrorism, the worst since the Socialists came to power in Spain io late 1982, has undermined the Governmeot's claims to success in controlling Eta vloleoce.

Two further attacks attributed to Eta oo Thursday teft threa dead—a policeman and a 14-year-old youth, killed by a bomb in Pamplona, and the personnel manager of an arms company, shot to death near Bilbao.

Six nf the nine victims since the beginning of May were police, and annther police lieutenant lost both legs and an arm. Tbe authorities are preoccupied hy the particularly vicious turn the killings bave recently taken.

In the past 10 days, two policemen were found shot through the temple at point-blank raoge, and an inspector was gunned down in the presence of his three-year-old son.

Tbe series of attacks appears to be a demonstratioo that the hardliners of Eta-Militar bave succeeded in reorganising, despite a clampdown on both the French aod Spanish sides of the border and the arrest and deportation of several key figures.

Tbe wave of violence is seen by the Govarnment as an attempt to break the momentum of joint initiatives by political parties in the Basque country to restore normality.

The Autonomous Basque Government, run by the moderate Basque Nationalist Party (PNV), which recently embarked oo a legislative pact with the Socialists, met yesterday to appoiot a committee of experts to report on the causes of violence aod suggest measures to eradicate it.

The Socialist Party in the Basque country bas put forward a series of proposals to gain more co-operation from the public in combating the terrorists.

"It is now up to society as a whole to realise it has to react," Sr Jose Antonio Ardanza, the PNV Basque Premiar, said yesterday.

All parties in tha Basque Parliament — in which the pro-Eta party Herri Batasuna refuses to sit — condemned the resurgence of violence.

Sr Jose Barrionuevo, Interior Minister, has reaffirmed that the offer made to Eta-Militar's leadership last summer for direct talks on a surrender of arms still stands.

It is unclear, however, whether Eta's latest offensive is to be interpreted as a rejection of negotiations on the Government's terms, or as an effort to obtain a position of strength from which to negotiate, as some experts believe.

OVERSEAS NEWS

U.S. trade figures deepen gloom over manufacturing

BY STEWART FLEMING IN WASHINGTON

THE gloom over the U.S. manufacturing sector deepened yesterday when the Commerce Department reported another increase in the merchandise trade deficit and the third consecutive monthly decline in new orders at American factories.

Both economic indicators pointed towards a continued slowdown in the capital goods producing sector of the economy, a worrying sign suggestive of further downward revisions in corporate capital expenditure plans.

The April trade deficit increased to a seasonally adjusted $11.9bn, the highest level this year and significantly up from the $11bn reported for March. Imports rose 0.5 per cent but largely because of a $1.6bn increase in petroleum imports. Imports of Japanese cars also rose, reflecting the removal of "voluntary" import quotas earlier this year.

Across the board exports fell 3.6 per cent.

Commerce Department Secretary Mr Malcolm Baldridge said the value of the dollar on the foreign exchanges has not declined enough to improve the U.S. trade balance.

Factory orders in April fell 0.5 per cent, the third consecutive monthly decline and the ninth downtick in the past year. Two weeks ago the Federal Reserve Board, announcing a cut in the discount rate and an easing in monetary policy, said this was partially inspired by concern about the weakness in the U.S. manufacturing sector which some economists believe is now tantamount to a recession.

The Commerce Department said heavy falls in orders for machinery were a major factor in the fall in factory orders. But orders for non-durable goods also fell. Unfilled orders were down 0.8 per cent.

Stronger China 'might consider' attack on Taiwan

BY DAVID DODWELL IN HONG KONG

CHINA might in seven to 10 years consider a military assault on Taiwan—though at present, it does not have the strength to consider anything but a diplomatic route to unification.

Hu Yaobang, secretary-general of China's Communist Party, was reported as saying this recently in an interview to be published in a Hong Kong magazine this weekend.

"Internationally, everyone knows that we temporarily don't have the strength," he is quoted as saying. "This is a temporary situation.

"In four to five, or seven to eight years, when the economy is strong, we will have the strength. Military might depends on a strong economy."

In a lengthy interview with Mr Lu Keng, publisher of the Hong Kong magazine Bai Xing, the Chinese leader added: "In seven to eight or 10 years, when our economy is strong, when our national defence is modernised, and the majority of Taiwan people express a desire to return (to the motherland), we will take some stronger action."

Mr Lu, who also publishes a Chinese-language newspaper in New York, has over his life been imprisoned twice by the Communists and once by the Government in Taiwan.

In the recent past, he has been accused in Hong Kong of support for the present Peking leadership—a charge he vehemently denies.

Diplomats suggested yesterday that even if the comments were accurately recorded, the Chinese Communist Party leader's reputation for incautious statements needs to be borne in mind.

They noted that ties with the U.S. and Japan would be ruined if the military option were used. The painful process of negotiating recovery of Hong Kong in 1997 would also have been to no purpose.

It has always been believed that China's willingness to recover Hong Kong and Macao by diplomatic means was primarily intended to demonstrate to Taiwan that peaceful reunification was possible on terms acceptable to local people.

Troops kill 53 in Karachi riots over power cuts

BY MOHAMMED AFTAB IN ISLAMABAD

AT LEAST 53 people have been killed in Karachi in the past few days as police and troops have opened fire on unruly crowds demanding restoration of electricity supplies and drinking water.

Power cuts have been widespread in Pakistan during the past three years of drought and industrial production is expected to decline by 25 per cent this year as a result.

The Government's failure to provide electricity and irrigation water in most regions of Pakistan is the main criticism of Members of Parliament who are at present debating the 1985-86 national budget. MPs claim their constituents face power cuts of up to 16 hours a day.

There is no sign that power supplies in Karachi or anywhere else in Pakistan will improve, despite temperatures of 111-117 deg F.

The main reason for the violence in Karachi is that the city's population has doubled to 7m in the past 10 years, putting a severe strain on public transport, drinking water, electricity, housing and other public utilities. The city has a large migrant population with widely varying ethnic backgrounds.

Karachi has been placed under curfew in an attempt to curb protests that often take the form of arson attacks on buses.

Last month, the violence took on ethnic overtones when 50 people were killed in riots sparked off by a crash involving the driver of a private-sector bus.

Most private buses are owned by Pathans from the North-West Frontier and a girl killed in the crash was a Bihari.

Caymans bid to counter illegal cash allegations

By William Hall in New York

A HIGH-LEVEL delegation from the Cayman Islands is flying to the U.S. next week in a bid to counter allegations by U.S. law enforcement agencies that the islands are a primary haven for U.S. criminals' money "laundering" activities.

A group of senior Cayman Islands officials, led by Mr J. Bradley, the island's Attorney-General, and Mr Thomas Jefferson, Financial Secretary, will visit politicians and bankers in New York and Washington next week to "set the record straight."

A spokesman for the delegation said they "are coming to discuss efforts by the Cayman Islands' authorities to help U.S. law enforcement officials crack down on illegal drug trafficking and money-'laundering' within the context of the Island's strict bank secrecy laws."

The Cayman Islands, a British Crown Colony of three small islands situated about 200 miles north-west of Jamaica, with a population of 18,500, has become an increasingly important offshore financial centre and the home of some 450 banks and trust companies.

Most of the banks are "shell" operations and one of the main attractions of the centre is its strict bank secrecy laws.

The Senate Permanent Sub-committee on Investigations, which has been leading the attack on "money-laundering," singled out the Cayman Islands in a 1983 report and said many Department of Justice officials "consider it the primary haven for U.S. officials access to documents covered by its bank secrecy laws but only when the U.S. authorities are investigating drug-related money 'laundering' activities.

The Cayman Islands is in a difficult position since it does not want to compromise its reputation for bank secrecy laws which are attractive to many financial institutions operating in the offshore world.

At the same time, it feels its image is being tarnished by the money "laundering" allegations.

Rules change for U.S. gas pipe industry

By William Hall

THE U.S. Government has proposed sweeping changes in rules governing the heavily-regulated U.S. natural gas pipeline industry in a major move to increase competition and reduce the price of gas, the country's second most important source of energy.

The Federal Energy Regulatory Commission (FERC), which regulates the U.S. pipeline industry, has introduced a series of proposals which should cut prices for consumers by increasing competition within the pipeline industry.

The plan will broaden access to pipelines by both producers and consumers by encouraging pipelines companies to carry gas on a non-discriminatory basis. The commission's new rules are voluntary and fall short of forcing pipelines to carry gas for anyone, a move strongly opposed by the pipelines.

Natural gas suppliers have become increasingly concerned lately by the spate of mega-mergers between major pipeline companies which is reducing the number of independent carriers and thus reducing competition.

The new rules come at a time of unprecedented change in the industry. A large part of the old price controls on natural gas have been dismantled, at a time when there is a natural gas glut in the U.S. The new proposals are complex but are expected to lead to lower prices for smaller customers.

UK NEWS

Travel agents meet THF on discount row

BY ARTHUR SANDLES

Trusthouse Forte is to meet representatives of Britain's biggest travel agency chains on Monday to try to settle a row over hotel booking systems. Some agents claim that THF is trying to bypass travel retailers by offering substantial discounts to business customers who book direct.

THF, which last night described the position as "complicated," appears to have been caught up in the general unease of travel agencies about the spread of "frequent-user" credit cards in the hotel and car rental industries. There is also alarm at the way in which new technology is making it easier for travellers to deal direct.

The Guild of Business Travel Agents said last night: "We are going to have a meeting with Mr Bob Rouse (sales and marketing director of THF) and ask THF to explain."

The guild, which represents all of Britain's largest travel agencies, including Thomas Cook, Pickford's, Hogg Robinson and American Express, said: "Our suspicion is that they woo the large corporations by offering discounts."

Such discounting is not unusual in the travel industry, particularly in hotels and car rental. The travel agencies insist, however, that they should be able to offer the same rates.

THF is clearly surprised by the reaction to its discounting schemes, which have been operating for more than a decade.

Recent changes have included an increase in the level at which THF is prepared to talk about discounts (from a £10,000 annual spend, to £50,000) and a move to include all hotel spending, not just the accommodation charge.

THF's attitude is that corporate customers can choose to pay a travel agency commission for performing a service, or try to make a saving by booking direct.

Budget change 'will cut CGT yield by 75%'

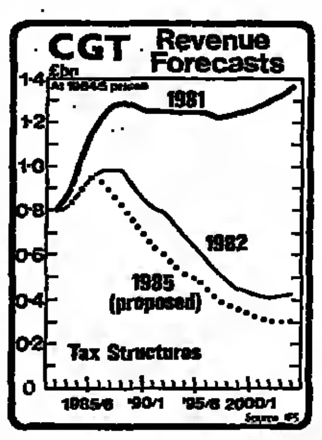
BY CLIVE WOLMAN, SAVINGS CORRESPONDENT

THE provisions adjusting capital gains tax for inflation, extended in the March Budget, will reduce the amount of the tax paid by about 75 per cent over the next 15 to 20 years, according to a study published yesterday by the Institute for Fiscal Studies, an independent think-tank.

In constant 1984-85 prices, the yield to the Government from the tax will fall by the end of the century to below £400m, while the total costs of collection are likely to rise, according to the author, Mr John King, an Institute programme director.

The steadily deteriorating cost/yield ratio of the tax, he suggests, undermines the Chancellor's claim in the Budget that he had put the tax "on a broadly acceptable and sustainable basis."

To forecast yields from the tax over the next two decades, the institute has built a model based on the evidence of payments since the tax was introduced in 1965. The model uses about 2,000 "representative taxpayers," who buy and sell company securities and real estate at different times.



The study also assumes the retail price index will rise at a steady 5 per cent a year from now on and that share and real estate prices will rise by 2 per cent a year in real terms.

The model predicts that without the 1982 and 1985 indexation (inflation adjustment) provisions, the yield from capital gains tax would rise from just under £800m to about £1,350m at constant 1984-85 prices by 2004-05 (see graph).

The partial indexation provisions introduced in 1982 are forecast to reduce the yield to only £420m and this year's extension of the provision, which make indexation comprehensive, are expected to cut the yield further to only £300m.

The study also suggests the fall in yield is unlikely to do anything to cut the Inland Revenue's total costs (in real terms) of administering the tax. In fact, the extension of the indexation provisions in this year's Budget to include capital losses and also to permit indexation allowances to be applied to the March 1982 values of assets would lead to an increase in costs.

Thus, the politically sensitive cost/yield ratio of capital gains tax was likely to rise from about 2 per cent at present to about 10 per cent by the end of the century, "even on pretty optimistic assumptions."

The would make capital gains tax by far the most expensive tax to administer and "a future Chancellor would be likely to decide, as Chancellor Lawson has decided this year with development land tax, that the revenue is simply not worth collecting," the survey suggests.

Two brokers to join Salomon's London office

By George Graham

SALOMON BROTHERS, the U.S. investment bank, has taken a step into the Japanese equity market with the recruitment of a brokerage team for its London office.

Mr Christopher Mitchinson and Mr Nicholas Bedford are to leave W. I. Carr, Sons and Co (Overseas), the Hong Kong-based stockbroker, and are expected to join Salomon in the next few months.

Mr Mitchinson was director of research at WICO, which is a subsidiary of Exco International, and headed its Japanese research operation from London. Mr Bedford was director of Japanese sales in WICO's London office.

Plan for £300m town on Chatham Dockyard site

BY LISA WOOD

A £300m plan for the redevopment of the former Chatham Dockyard, Kent, was announced yesterday by English Estates, the statutory corporation which assists in government regional policy.

The initial investment tranche of about £20m from the Department of Trade and Industry will start this year and will provide basic infrastructure services such as roads. It is hoped that then private investment will be attracted to the scheme.

English Estates, which took possession of the 430-acre site a year ago, said that the project would create more than 5,000 jobs and take up to 10 years to complete.

It would virtually create a new town with a blend of more than 1,000 houses, leisure facilities and industrial premises designed to attract high technology industries.

Mr Ian Parker, project director of English Estates, said that the Government had given a four-point brief: comprehensive redevelopment; stimulation of economic activity; provision of diversified economic activities; and maximum private investment.

"There is already quite a bit of interest from the private sector in taking up the residential opportunities," Mr Parker said. "In terms of jobs, we are trying to create an environment that will be attractive to companies in growth areas."

Volvo buys 50% more UK components

By JOHN GRIFFITHS

VOLVO'S PURCHASES from the UK motor components and associated industries, which have hovered around the £100m mark for several years, rose 50 per cent last year to £157m.

Its UK concessionaire, which is owned by the Lex Service group, said yesterday that a significant contribution to the increase was made by high technology compaines in areas such as design consultancy, experimental components and microcomputer control systems.

Volvo claims that up to 20 per cent by value of the content of its Swedish-built cars is UK-sourced. Volvo's total car sales last year were 386,000. Of these, however, 106,000 were of the smaller 300 Series cars which are built by Volvo BV in Holland.

Volvo said it was unable to identify precisely how much of the increase was provided by the "high-tech" segment. However, companies involved include International Automotive Design of Worthing and nearby Ricardo Consulting engineers. Both companies played a substantial role in the development of Volvo's LCP (Lightweight Component Project) protoype car, designed to illustrate how a car of the year 2000 might look and be built. Lucas Girling and GKN Sankey were among other concerns involved in the project.

Nearly £2m of the increase, however, was firmly identified as contracts involving prototype tooling supplies from MGA Developments of Coventry and computerised engine test systems from Autosense Systems, of Bicester.

Volvo executives, who claim that 20,000 UK jobs are now dependent directly or indirectly on Volvo's UK operations, said the company had more than 300 UK-based suppliers.

ECONOMIC DIARY

TOMORROW: American Bankers' Association International monetary conference, Hong Kong. OPEC special audit committee meets at ministerial level, Taif. Mr Zhao Ziyang, Chinese Prime Miniser, begins UK visit (to June 8).

MONDAY: EEC Education Ministers discuss cooperation between higher education and business, Luxembourg. Joint meeting of EEC Industry and Telecommunications Ministers discuss standards, Luxembourg. CBI monthly trends inquiry for May. Parliament returns from recess.

TUESDAY: EEC Research Ministers consider information technology, Luxembourg. Capital issues and redemptions during May. Provisional estimates of monetary aggregates (mid-May). Credit business in April. April final figures for retail sales. London clearing banks' mid-May monthly statement. May figures for UK official reserves. OPEC market monitoring committee meeting, Riyadh. Stock Exchange members vote on membership reforms.

WEDNESDAY: April housing starts and completions. Figures for first quarter house renovations. April advance energy statistics. Building Societies' Association two-day annual conference opens, Eastbourne.

THURSDAY: UK balance of payments for first quarter. Investment intentions of the manufacturing, distributive and service industries (1985/86).

FRIDAY: Austrian economic research Institute (WIFO) presents economic forecast. International Labour Organisation conference opens, Geneva (to June 27).

Star Wars computer lead 'may go to U.S.'

By Peter Marsh

A LEADING position in the revolutionary computer technology may have been lost to the U.S. for the same of £1m, a computer expert has claimed.

Professor Desmond Smith, of Edinburgh's Heriot-Watt University, has tried for more than a year to obtain government funds to continue the development of a very fast computer, based on optical switches, which has implications for the U.S. Star Wars defence programme.

He thinks £1m over three years would be enough to take the research to the commercial stage but has been unable to find a commercial or government organisation to put up the money.

The Ministry of Defence has been examining Prof Smith's application for funds for a year but has not reached a decision.

The U.S. Department of faster. A U.S. Navy official telephoned Prof Smith a few days ago and arranged an appointment for Thursday. At this meeting, the professor was offerde a $150,000 grant as part of the Pentagon's $26bn Strategic Defence Initiative.

Prof Smith verbally accepted, though he has to put his application for the money in writing. Prof Smith was promised the money (which is to last until the end of this year) within the next month, with more substantial sums from 1986.

The cash will not be spent on further research. Prof Smith and his team of 20 scientists are well covered on this score, with £1.3m worth of grants over the next three years from the Science and Engineering Research Council, the Department of Trade and Industry, the Ministry of Defence and the European Commission.

It will finance the building of prototype devices that could form part of pre-production models of computers.

Although there is nothing to stop British companies getting involved with Prof Smith's group while he is working for the Pentagon, he will already have formed alliances with U.S. industry that may be hard to break.

Prof Smith says he was surprised by the offer. He regrets that the technology may leave Britain but insists he had no choice but to agree to the U.S. money.

Ironically, Prof Smith was in London last week for discussions with Sir Robin Nicholson, the Government's chief scientific adviser, on the problem of providing funds for small, new technology companies.

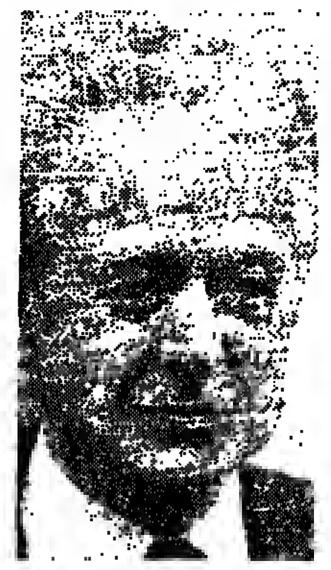
Prof Smith raised the point with Mr Geoffrey Pattie, the Industry Minister, at a meeting in January and has corresponded on the subject with Mrs Margaret Thatcher.

Yesterday he was trying to contact government officials to tell them of the Pentagon's interest.

Under the deal with the Defence Department, the Heriot-Watt team will work on production of new optical computers with two companies, Optical Coating Laboratories of California and Edinburgh Instruments. The latter is a company set up by Prof Smith which specialises in lasers for medical and industrial applications.

Prof Smith investigated the idea of turning over the development of the optical switches to Edinburgh Instruments.

The company's slim resources meant it had to look for an outside body to contribute the entire £1m needed to take the project to a commercial stage. Under the DTI support-for-innovation schemes, only a 25 per cent grant is normally available from the Government.



Sir Hugh Fraser: left after eight weeks

Fraser off Bremner board

By Lionel Barber

Sir Hugh Fraser's first excursion into a public company main boardroom since he was ousted as chairman of House of Fraser in 1981, has ended after eight weeks.

Sir Hugh has resigned as non-executive chairman of Bremner, a Glasgow department store. He was unavailable for comment yesterday.

Mr Michael Black, chairman and managing director, said Sir Hugh had been invited to join the board by Bremner family interests. These interests, represented by Mr Arthur and Mr Robert Watt, had subsequently sold their 12.7 per cent stake in the company.

Mr Black and his associates hold 28 per cent of Bremner and are working on a reorganisation to turn the company round. Last January, it announced a £47,000 loss, after exceptional items.

Mr Black said he did not know who had bought the 12.7 per cent sold by the Bremner family interests. He understood, however, that Sir Hugh still held about 6 per cent of the company.

Scots industry leader dies

Financial Times Reporter

Mr John Risk, chairman of CBI Scotland, died in hospital early yesterday after a long illness.

Apart from his active role promoting Scottish industry through the CBI, Mr Risk was secretary of Coats Paton, the Glasgow-based industrial group. His brother, Sir Thomas Risk, is governor of the Bank of Scotland.

Mr John Davidson, director of CBI Scotland, said yesterday that Mr Risk had won respect and influence in putting forward Scotland's case.

Mr Risk, a graduate of Glasgow University, was awarded the CBE in June last year.

UK NEWS

Steel guarded on political pacts

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

MR DAVID STEEL, the Liberal leader, yesterday refused to say categorically that be would not enter ioto s pact with other political parties without Dr David Owen, the SDP leader.

Discussing the options for political co-operation in a hung parliament on Channel 4 television's Week in Politics programme, Mr Steel was pressed on this point, but he retrested into phrases such as: "You never say in politics."

His wording was, he conceded, very careful — "It always is," he added.

Mr Steel suggested that the Alliance could support either a Labour Party which bsd shed its "loony left" or a Tory Party which had shed its Thatcberite wing.

His preference, however, he hinted, would initially lie with Labour. To ahore up a Prime Minister who had lost an election, he aaid, was "slmost a denial of the democratic process."

Mr Steel said that he had discussed the idea of coalitions with his fellow MPs, but only informally. There were no meetings of any kind going on at the moment, and neither of the two main party leaders was involved.

Speaking on the same topic at a public meeting in Stroud last night, Mr Roy Hattersley, deputy Labour leader, said thst post-election coslitions were "profoundly dangerous" to democrscy and denled volers any real say. However, while making several outspoken attacks on Dr Owen for his slleged cynicism and ambition, Mr Hattersley did not once mention Mr Steel.

Mr Hattersley said thst if the Alliance parties held the halance of power in the next parliament, tbe Government and its policies would be decided not by the wishes of the people, but by the power broking of the third party.

"Anyone who supports the idea of a post-election coalition is voting for whichever economic policy happens to be convenient to SDP aspirations."

"To put it simply, would Dr Owen support the present economic pallcy if the reward for his support was a place in government and a change in our electoral system which favoured the SDP?"

In any case, Mr Hattersley went on, the chances of the Liberals and the SDP having a decisive influence on determining the next government were negligible.

Dr Owen and Mr David Steel were yesterday preparing for a meeting tomorrow with Alliance groups from the shire counties to discuss the use of their newly-won strength on local councils.

Warning to investment industry

By Eric Short

THE UK investment industry has yet to appreciate the full implications of the Government's proposals for investor protection. Mr Keith Blundell said yesterday in his inaugural address as president of the Life Insurance Association.

He said the proposals, when enacted in legislstion, would have far reacbing effects on investors, companies and institutinns and on intermediaries.

He was perturbed, bowever, that leaders in the investment industry, instead of concentrating on the resl details of tbe proposals, were getting involved in side issues such as whether there should he one or two regulatory hoards.

Mr Blnndell is a member of the Marketing of Investments Board organising committee—one of the two proposed hodies for controlling the marketing of life assurance, unit trusts and other pre-packed investments.

He told delegates he bad set up a "surgery" in bis nffice of the Lancashire and Yorkshire Investment Group, where he is a director, so that he could listen to as many opinions as possible.

He emphasised that the policy of the associatinn was to license those whn earned commissions from the sale of pre-packaged investment. The most sensitive issue facing the organising committee was ascertaining the correct levels of commission and the amount of disclnsnre of commission payments. If this issue conld he satisfactorily solved, many other elements of regulation would fall into place.

He repeated his view that a full and open discussion on the proposals was needed in order to avold the subsequent legislation being a government-generated fait accompli. However, he felt that tbe association's 13 years' experience of controlling the educational and ethical standards of its members indicated that the proposals must he along the right lines.

BBC plans £6.8m Edinburgh building

THE BBC bas lodged a detailed planning application with Edinburgh District Council for a £6.8m broadcasting centre.

The hullding will replace the existing hroadcasting house in Queen Street, which tbe BBC has occupied since 1930. These premises, comprising three Georgian honses, are inadequate for modern broadcasting requirements.

The proposed centre will cover 50,000 ft, and incorporate offices, a radio drama studio, four other radio studios and a small television studio linked to the main television centre in Glasgow.

Brittan reaffirms policy on jobs

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

MR LEON BRITTAN, Home Secretary, respondad yesterday to iocreasing calls for government action to combat unemployment with a declaration that policies would not be changed to suit public opinion.

"Activity for publicity's sake msy cheer up the opinion polls for a while, but in the end the mischief it would do would rightly yield a harvest of condemnation," he told a meeting of Yorkshire area Conservative agents.

"What we must not do is abandon policies which have already succeeded in bringing us the longest sustained recovery since the Second World War."

Concern across the political spectrum over the effects of unemploymeot beightened this week by the events st the European Cup final in Brussels on Wednesday night, with many MPs drawing a link between football violence and unemployment. Dr David Owen, the SDP leader, hinted at this on BBC radio yesterday aod called for a fundamental appraisal of the causes of incressing violence in British society.

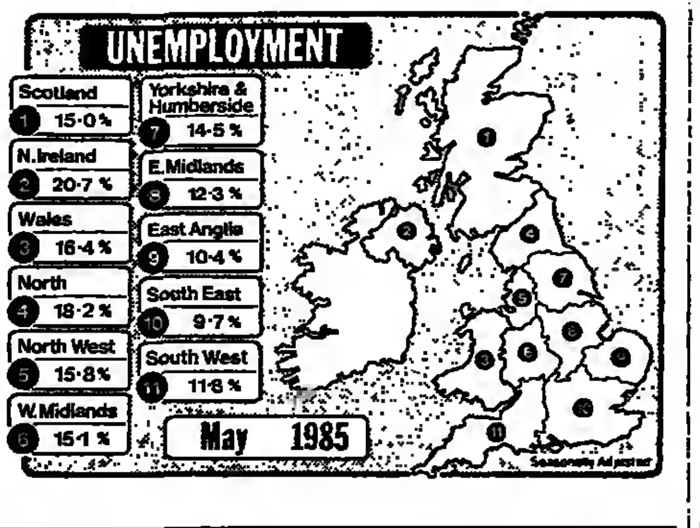
Mr Brittan conceded that "the political outlook for us has seemed a little overcast over the last few weeks, with some light drizzle in places, especially around Westminster snd Fleet Street," and said many explanations and remedies were heing offered.

"Ooe of the main messaees heing conveyed is that lower unemployment should he the top priority for government," he said. "I agree. But it is just at such a time that it is most important to remind people why we are suffering present levels of unemployment and what we must do about them—hut above all what we must not do if we seriously wish to bring them down."

Replacing present policies with new ones—such as increasing public speoding and hornwing to reflate the economy—cuold put the present economic recovery at risk. It would not heln unemployment.

Jobs were increasing, and this would in due course he reflected in a fall in the unemployment figure.

"When that happens depends among other things on our continued success in the hattle against inflation. There could he no less opportunte time than oow to suggest pushing up inflation by increasing public horrowing and spending."



UNDERLYING unemployment changed little in any of the regions last month, with significant changes in the proportion out of work recorded only in Wales, Scotland and Northern Ireland.

For Great Britain, the seasonally adjusted number of unemployed (excluding school leavers) rose hy 3,900 in the month to 3,059m. That represented 13 per cent of the total labour force, with 15.5 per cent of the male labour force unemployed.

The overall percentage out of work in Wales rose by 0.1 of a percentage point, compared with the April total, to 16.4 per cent, with a similar rise in Scotland to 15 per cent. In Northern Ireland, which has the highest unemployment rate of any region, the proportion out of work fell very slightly to 20.7 per cent.

Dixons share of electrical sales rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE DIXONS electrical retailing group has established itself as the major electrical goods retailing chain in the UK following its acquisition of Curry's, according to a market research report pubished yesterday.

Verdict resesrch company, says that the cobined Dixons snd Currys group has a 12 per cent market sbare based on sales value. Currys, wbich still operates under its own name, has 7.3 per cent o fthis figure and Dixons has 4.7 per cent.

Dixons acquired Currys for £233m last December after a bitterly fought takeover battle for the family-run Currys chain in its centenary year.

Interposed between Currys and Dixons in the league table of electrical retailers is the Comet chain, itself acquired by Woolworth Holdings earlier last year. Comet has a 5.9 per ceot of the market, according to Verdict estimates and Woolworth stores account for a further 2 per cent.

Comet's influence on Woolworth, suggest the researchers, is showing through in the shape of Electronic World depsrtmeots on trial in Woolworth stores.

The market for electrical goods was worth £5.3hn last year, according to Verdict. Audio visusl goods accounted for 50 per cent of sales, "white" goods for 32 per cent, and small electrical appliances accounted for the remsinder.

A survey of nearly 1,500 sdults carried out by Verdict found that 34 per cent had shopped in Currys in the last quarter of 1984—but only 16 per cent had actually hought anything.

Comet was visited hy 26 per cent of consumers surveyed and 18 per cent went on to buy.

Verdict on Electrical Retoilera, from Phillipa, Russell, Hyman, 54-58, Wordour Street, London, W1, prices £250.

Cigarette advertising 'breaks pact'

FINANCIAL TIMES REPORTER

AT LEAST 1m non-smokers aged 15 to 24 are exposed to cigarette advertising in women's magazines in violation of Government policy, according to a joint report by the British Medical Association and the Health Education Council.

The report, issued yesterday, says the female death toll from smoking induced diseases is still rising and calls for legislation to ban all tobacco advertising and promotion.

Meanwhile, the Advertising Standards Authority's code of prsctice should be strengthened so cigarettes could no longer be advertised in any magazine whose largest readership group waa under 25.

The tobacco industry should also be instructed to "stop breaking its voluntary agreement with the Government, and cease advertising in youth magazines."

It was declared Government policy that young people should not he exposed to cigarette advertising, yet a survey of 53 women's magazines found that nearly two-thirds of them accepted these advertisements, even though most of their readers were aged 15 to 24.

Heel-bar chain set to make a bigger imprint

Lisa Wood on Mr. Minit's £10m takeover of rival ASR group

MINIT INTERNATIONAL, the world's largest shoe repair chain, with 4,000 outlets in 24 countries, will become Britain'a biggest shoe repairer when it completes the £10m takeover of the family-owned ASR group in the next few days.

It will achieve this position in an industry dominated by small, independent businesses which, unlike many other high street concerns, have not been overwhelmed by competitiva pressures from larger multipla chains.

When the merger is completed, the combined Minet/ASR group will have about 620 outlets, but this will still only account for about 6 or 9 per cent of the British shoe repair market, estimated to be worth £160m to £167m a year.

Tbe 4,000 independent craftsmen in the industry bave survived by shedding their "dirty apron" image, moving from back streets to the high street and by offering a wider range of services and products such as key cutting and ahoe care equipment.

Multiple chains, many of which use offsboots of ahoa manufacturers like William Timpson and the British Shoe Corporation, tend to specialise more in instant heel-bars. Multiples account for only 25 per cent of the ahoe repair market.

One of tha strongest selling points for the smal independeot business is the customera' belief tbat small operators provide individual service that larger multiples find difficult to match, according to Mr John Moors, treasurer of tbe 1,400 strong Federation of Master Shoe Repairers.

Mr Donald Hitlsdon Ryan, the American co-founded of Minit, would disagree with this but admits thst the company has had a chequered history in the UK.

"We failed initially in the 1950s because of our management choices—good men in the wrong joba. Then wben Sir Charles Clore's Sears Holdings took over the Lewis's and Selfridges department stores in the mid-1960s we lost flagsbip outlets because Sir Charles's British Shoe Corporation decided to offer a repair business themselves."

With about 150 outlets in the UK, the group has been looking to expand for aome time and one of the attractions of ASR, known in the trade as Allied, waa its heavy preaence in the high street in comparison to that of Minit, trading in the UK as Mr Minit.

Family-controlled ASR, which was demerged from its parent tannery company, Allied Leather, last September, appears delighted by the deal which is just about to be finalised. "The offer was a very fair one," said Mr Fergus Watson, former chairman who will become deputy chairman." Given the reaources Mr Mint hss, it made sense."

While other multiples and independent craftsmen say tha Minit takeover is unlikely to bave big repercussions in their trade, there is some anxiety about tbe effect on suppliers to the industry. Minit has a machinery fsctory in Belgium and supplies much of its own machinery needa.

Whitfield Wylie, a subsidiary of William Bolton, is the largest UK manufacturer of shoa repair machinery.

Mr Robert Batty, joint managing director, aaid that if Mr Minit did supply its Allied shops from overseas, it would have a small impact upon hia company. "We would be sorry to lose the buainess but we could manage." Mr Batty said Allied already bought some of its machinery abroad aod imports generally accouoted for 30 to 40 per ceot of shoe repair machinery sold in the UK.

The disquiet about radical chaoges at Allied, which is less involved in the "instant" repair business than Mr Minit, is one that Mr Hillsdon Ryan is at pains to quell.

"We would not want to hurt anything that is well established," he ssid. "We have given assuraoces to ASR that we won't go in with a great big boom. We aim to reloforce operations, not replace them."

LABOUR

Dan-Air in 2-for-1 seat offer

By Ian Rodger

DAN-AIR is offering two seats for the price of one on its new service between Heathrow and Manchester in an attempt to win customers from British Airways.

Dan-Air, one of Britain's biggest regional sirlines, said that its move was in response to increased competition from British Airways on the route. British Airways increased the frequency of its shuttle service between Heathrow and Manchester from seven to eight a day last December.

From today, customers with a single £46 ticket will be able to take a second person on a Dan-Air flight between Heathrow and Manchester at no extra cost. The Civil Aviation Authority has approved the offer for ooe month.

British Airways, which charges £48 for a single shuttle ticket on the route, said that it would not respond to the move.

Dan-Air won approval for the Heathrow-Manchester service last October. The airline complains that its promotional effort in the Northwest, for the introduction of the service was submerged by British Airway's introduction of a Manchester-New York service on the same date and its use of the Concorde on the Heathrow-Manchester shuttle on Mareb 31.

Dan-Air has posted six people dressed as Beefeaters, parly kings and guardsmen at Manchester airport to promote its two for one offer.

● Concorde will resume flights to Bahrain this summer after a four-year hreak in an attempt to attract more husiness travellers to the route.

There will be four supersonic flights—on June 17, July 24, August 27 and September 23—supplementing British Airways' regular six subsonic services each week. Each trip will take four and three-quarter hours, nearly two hours less than the normal jet time.

Airports passenger traffic up

Financial Times Reporter

PASSENGER traffic at the British Airports Authority's seven airports rose hy more than 10 per cent in March and April compared with the same two-month period last year.

Growth at the three south-east airports was almost 12 per cent, largely due to rapid growth at Heathrow. During April Heathrow reached the milestone of handling 30m passengers in a 12-month period.

Mr Mike King, the airport's director said: "Heathrow has now reached its design capscity. Clearly there will be times this summer wben congestion will cause inconvenience to our customers. We would ask them to be patient until the extra capacity of terminal 4 is available during next winer."

Gatwick's European scbeduled traffic was up by 23 per cent and its U.S. traffic up hy 19 per cent. The increase in outbound holiday charter traffic was 3.4 per cent, and within that figure Spanish charter traffic was 15 per ceot lower.

Standard's scbeduled traffic continued its rapid growth, with twice as many passengers being bandled on scheduled services as in the same period last year.

At Glasgow, domestic traffic remained buoyant with a 10 per cent increase, but international chsrter traffic decreased by a similar amount. These contrasting trends were even more marked at Edinburgh, where domestic traffic wss up by 16 per cent and international charters fell by 48 per cent.

A revival in Canadian traffic enabled Prestwick to arrest its recent decline. At Aberdeen trsffic contioued the pattern of decreases seen since last December, although it recorded a 3.5 per cent growth in scheduled domestic traffic.

Cargo tonnage overall was down by 2 per cent in April. Glssgow's fall of 31 per cent was maioly due to runwsy re-surfacing work.

Businesses see liquidity fall

Financial Times Reporter

THE LIQUIDITY of companies declined in tbe first quarter of 1985, according to Department of Trade and Industry statistics. It was the sixth consecutiva quarterly fall.

Current assets as a proportion of curreot liabilities dropped to 96 per cent in the latest quarter from 104 per ceot in the final three months of 1984.

The sharpest decline was seen among manufacturing companies, of which the liquidity ratio dropped to 67 per cent from 83 per cent, to reach the lowest level since the third quarter of 1982.

The ratio for oil companies rose from 148 per cent to 173 per cent and for non-manufacturing companies from 123 per cent to 126 per cent.

Tory 'wets' attack plans to abolish wages councils

BY PHILIP BASSETT, LABOUR CORRESPONDENT

PROPOSALS to abolish or reform the wages councils have been sharply criticised by the Tory Reform Group, which accuses the Government of "typical sleight of hand" over the issue.

The group, president of which is Mr Peter Walker, Energy Secretary, and which includes such leading Tory "wets" as Sir Ian Gilmour, Mr Francis Pym and Mr James Prior, says there are arguments in favour of reforming the councils, which set minimum pay rates for some 2.7m workers, but few for abolishing them.

The group, issuing its respoosc to a consultative Green Paper ou the council's future rejects the central tenet of the Government's stance on the issue, saying: "There is little evidence that wages councils jeopardise employment or price young people out of work."

The report says that, in the abstract, the Government's argument sounds attractive but is rarely true in practice. It says the potential for abuse of employees hy unscrupulous employers—the original reason for the councils' establishment—is still there, and the suggestion that wages councils set high rates of pay is "a little startling."

It accuses the Government of sleight-of-hand in linking the feelings of emplnyers with arguments fnr abolition, when most employers want the councils reformed and retained. The Government is accused of putting forward "a rather tired anti-collectiveist dogma."

The proposals may well increase rather than decrease union influence, says the group. "If the Government continues to whittle away the statutory provisions which underpin contracts of employment, the incentive to join a union in order to obtain collective protection is bound to be increased."

On specific reforms, it proposes exempling cnmpsnies with established collective hargaining, suggests merging some councils and accepts the idea of restricting their awards to adult rates only.

This latter proposal, in particular, is criticised in a submission from a number of political youth groups, including those from the Labour, Liberal and Communist psrtiea.

They say: "It is surely time the Government gave up offering lame excuses and peddling quack remedies for the sppalling level of unemployment which its economic policies have done so much to create."

Mr Peter Morrison, Employment Minister, said in Banbury yesterday that thousands of school leavers this summer would again find themselves priced out of jobs

He insisted that union leaders would bave to accept the link between pay levela and employment. Until they did, school-leavers would be denied the opportunities they deserved and industry the skills it needed.

BT union seeks strike mandate

BY DAVID BRINDLE, LABOUR STAFF

DELEGATES to tbe annual conference of the National Communications Union next week will he urged to authorise industrial action over a pay offer by British Telecom of 6.75 per cent.

The nnion, formerlyt he Post Office Engineering Union, says the offer to 160,000 clerical and engineering staff has "strings" which it finds unacceptahle.

The conference at Blackpool is likely to back further negotiations hut add the threat that industrial sction should be organised as deemed necessary by the leadership. The union has claimed a 12 per cent rise.

The offer represents an improvement on previous offers of 5 and 5.8 per cent. BT says it would add £694 to the present £10,283 salary of a technical officer, tbe main telephone engineer grade.

BT would not confirm that cooditions were attached to the offer, but the union said there were three msjor stipulations.

First, BT was still insisting on acceptance of a scheme whereby about 700 factory workers would agree to a cut in earnings of about £40 a week in return for a lump sum payment of £2,000.

Second, it was claimed, BT was insisting the union accept key elements of a grade restructuring plan applying to engineering workers. The plan was rejected by the last conference of the union.

Third, and allegedly only by BT when it tablad the 6.75 per cent, the union said it was being asked to guarantee that it would not block development of the front office system, integrating and computerising a number of customer requirements.

● The Post Office has offered 4.8 per cent to NCU members in clerical grades and 4.5 per cent for engineering grades. Further talks are expected next week between the Post Office and the Union of Communication Workers, which has rejected 4.5 per cent for 150,000 postal workers.

Workers back pay action after closed shop ballot

BY OUR LABOUR STAFF

WORKERS at GUS Calalogue Order warebouse who voted to retain their closed shop in one of the biggest such hallots held so far have subsequently voled for industrial action over pay.

Their union, the shopworkers' union Usdaw, said yesterday that the experience of the closed shop ballot had "undouhledly" contrihuled to support for the pay fight.

This view will be shared hy those in the lahour movement who argue that the balloting requirements of the Trade Union Act 1984 can he turned to the advantage of the unions in terms of organisation at the workplace.

Esrlier this year, the Usdaw conference rejected a proposal to boycott further closed shop ballots, in line with formal TUC policy, after GUS delegates pointed out the success of their campaign in winning a 92 per cent majority.

The vole for action over pay affects 8,000 Usdaw members employed at 12 North-western sites of the Great Universal Stores subsidiary. Voting was 4,524 (62.4 per cent of those taking part) in favour of action and 2,622 against.

Unless GUS makes an improved offer at talks on Monday, the workers will hegin an overtime ban and work-to-rule later this week and will go on to stage a one-day strike.

Usdaw, which claims a minimum basic weekly wage of £100, has rejected an offer worth more than 6 per cent. The offer would give an extra £5.10 to the lowest grade clerk on £82.06 and £5.15 to a warehouse assistant on £83.92.

NGA settles disputes with Northcliffe

By Walter Ellis

INDIVIDUAL managements within the Northcliffe Group, psrt of Associated Newspapers, have all accepted the terms of a National Graphical Association "model agreement" on pay and new technology.

The group itself has not endorsed tbe various agreements reached, but the NGA, the print union, claims it has a group settlement.

Two weeks ago, the Westminster Press accepted a similar deal.

Disputes and disruption at 24 of Northcliffe's newspapers, which in some instance halted whole print runs, have been called off.

The NGA had wanted an assurance from the management that new technology would he introduced only with full union agreement, including endorsement hy the national council, and this has, in effect, been given.

On the pay side, tbe NGA has accepted an offer of 6.5 per cent on basic rates.

Newspapers affected by the three-week dispute included the Derby Evening Telegraph, the Western Morning News and the Leicester Mercury.

Earlier this year, the NGA withdrew from national negotiations on the provincial press

GMBU test for Rhondda

BY ROBIN REEVES, WELSH CORRESPONDENT

THE GENERAL, Municipal and Boilermakers' Union has issued a writ against Rhondda Borough Council, challenging the Welsh local authority's right to pay employees hy cheque.

Mr Ian Spence, the union's full-time locsl officer, said more than 100 union members among the council's 1,000 employees had objected to the switch from cash wage psyments, introduced aa ao economy measure.

Unless the council changed its policy, the union intended to seek s High Court injunction to reverse the decision, triggering what promised to be a test case over interpretation of the 19ht century Truck Acts.

The union helieves the council's actioo is in clear breach of the Acts, since these require manual workers to be paid "in the coin of the realm." The Government, to encourage greater use of cheque payments, bas issued consultative proposals aimed at repealing parts of the legislation.

However, Mr Michael Bradley, Rhondda's borough treasurer, said the council believed the precise method of payment—by open cheque payable st any bank—kept within the law.

The switch to payment by cheque was enabling the council to make a net saving of £7,000, the cost of employing the services of the Securicor company.

BT reminder on share instalment

BRITISH Telecom yesterday sent out a letter to all shareholders to remind them that the second instslment of 40p per share on their ahares must be psid by June 24. The letter contains an interim certificate, which will become invalid unless it shows evidence of payment of the second instalment.

APPOINTMENTS

BP Chemicals makes changes

Mr John G. A. Jump has been appointed chief executive snd managiog director of BP MINERALS INTERNATIONAL, succeeding Mr B. A. Smith, who has resigned. Mr Jump wil be succeeded as chief executive of BP Coal hy Mr Richard W. Chadwick. The appointments take effect on July 1. Mr Jump is curently also a member of the board of BP Shipping and of BP Minerals; Mr Chadwick has been general manager and a director of BP Coal since 1983.

★

Harrisoos & Crosfield has appointed Mr H. McKeag, Mr J. Miller and Mr W. Poll, as directors. Mr P. T. Gooton has retired.

★

Mr Ronald Deony, managing director and chief executive of REDIFFUSION, has been appointed executive chairman. He succeeds Mr Hugh Dundas, chairman of Rediffusion's parent, BET.

★

EQUITY & LAW LIFE ASSURANCE SOCIETY has made the following appointments from July 1: Mr Brian Bonnington (a deputy actuary) to be accountant. Mr David Woods (pensinn sctuary) to be group pensions manager and actuary. Mr Keith Puddephatt (a deputy pensions msnager) to be individual pensions manager. Mr John Nicholas (a deputy pensions manager) to be a deputy actuary.

★

Mr Donald Mclotyre having reached retiremeot age has resigned as secretary from J. SMART & CO (CONTRACTORS). He has been succeeded hy Mr A. D. McClure. Mr McIntyre will cootinue to be secretary of Gramond Real Estate Co and C. & W. Assets, both wholly-owned subsidiaries of J. Smart & Co (Contractors).

★

Mr Neil Greig and Mr Brian Smith will join the board of DAVID S. SMITH (HOLDINGS) following the acquisition of Abbitrin on June 4.

★

Mr M. E. Rivers has joined the CLARKSON PUCKLE GROUP and has been appointed a director of both Clarkson Puckla Overseas and Clarkson Puckle Construction Insurance Brokers. Mr Andrew Douglas and Mr Peter Hornsby join the board of Clarkson Puckle Overseas Limited on June 1. Mr R. Neulaender, Mr C. M. Owen and Mr R. Patel have been appointed to the board of Clarkson Puckle Overseas Holdings.

★

ICL (UK) has appointed Mr Charles H. Tidbury a non-executive director. Mr Tidbury is a director and former chairman of Whitbread & Co.

★

Dr Charles Piggott hss been appointed to the board of FINANCIAL STRATEGY, part of the Addison Page Group.

★

Mr Martin B. Church is appointed deputy maoagiog director of INTERFINET (UK), the London-based marketing subsidiary of AP-Dow Jones/Telerate Company of New York.

★

BRIDGEWATER ESTATES, a member of the Peel Holdings Group, has appointed Mr Hermann W. J. Jungmayr as director and general manager in overall control with special responsibility for the urban estate aod development planning. Mr Nicholas Raban-Williams has been appointed director and continues

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday June 1 1985

An impossible forecast

A HASTY reading of the newspapers, or even quite close attention to the broadcast news, will have given the impression that the OECD in Paris, the economic club of the developed nations, has made a forecast of fair growth this year, slower growth next year, and rising unemployment in Europe, and that it has called on Europe and Japan to cut taxes to keep the recovery going. This is all quite wrong.

The OECD, as its own officials point out from time to time, is not really in the forecasting game. Its central aim is to make sure that the forecasts which its 14 member nations use as a basis for policy are consistent with one another, and so avoid nasty surprises. It does this by making what are called projections — forecasts in which certain politically sensitive numbers are assumed to stay the same — notably exchange rates and oil prices.

This is done for the persuasive if hardly creditable reason that the OECD depends on money provided by its member Governments; there are limits to how far it can offend them unduly.

In some years these tactful assumptions prove fairly realistic, and the projections work out like forecasts. This year, however, the OECD itself admits that its assumptions, and indeed the whole projection, look implausible. The one conclusion produced by the whole exercise could be summed up in six words: "We cannot go on like this."

Downside risk

Most notably, of course, the Americans cannot go on like this: a current account deficit of $145bn, which is a bit like Britain having two 1976s in succession, is likely to cause disruption; so for realism, the OECD then looks at the consequences of a U.S. squeeze, a weaker dollar and a lower oil price.

All these developments would make the outlook for America's trading partners, and especially for the world's biggest oil producer, Britain, worse than the headline "forecasts." In investment terms, all the risks are downside. It is in this context that the OECD looks at the case for tax cuts in Germany, Japan and possible Britain, to sustain world growth in face of falling U.S. demand.

The most interesting calculation in the whole book of numbers is one which suggests that British and German hopes that falling interest rates would sustain the recovery on their own is quite mistaken. This does not prove anything—the OECD economists are very good, but they have been badly out more than once in the past—but it is a useful warning. It is a reminder that falling interest rates are a classic symptom of recession, and it is those who assume that everything will be different this time who have a case to prove.

The Paris analysis gives rise to two very obvious questions: are things as bad as the downside projections suggest? And if so, will non-American governments do anything to head off the threatened recession?

The question about the U.S. outlook is still highly contentious, to put it mildly. The American forecasting consensus still looks for a rebound from the flat figures of the last six months. The more bullish go so far as to suggest a robust secondary recovery, which enable the Federal Reserve to tighten up its credit squeeze again, and drive interest rates up and the dollar to a new peak.

A growing minority, however, takes exactly the opposite view. Mr Pierre Rinfret, a top private forecaster, says the U.S. is already in recession; Morgan Stanley, the investment bankers, look at falling industrial investment and expect a recession soon. Very broadly, the monetarists are bullish, while students of the real economy are more bearish.

Our own view is becoming more bearish as the depressing statistics go on. The U.S. manufacturing sector is clearly in the grip of a fierce profits squeeze, so the current drive to reduce the federal deficit will weaken an already fading economy. The fact seem to underline the message from Paris: the risks are on the downside.

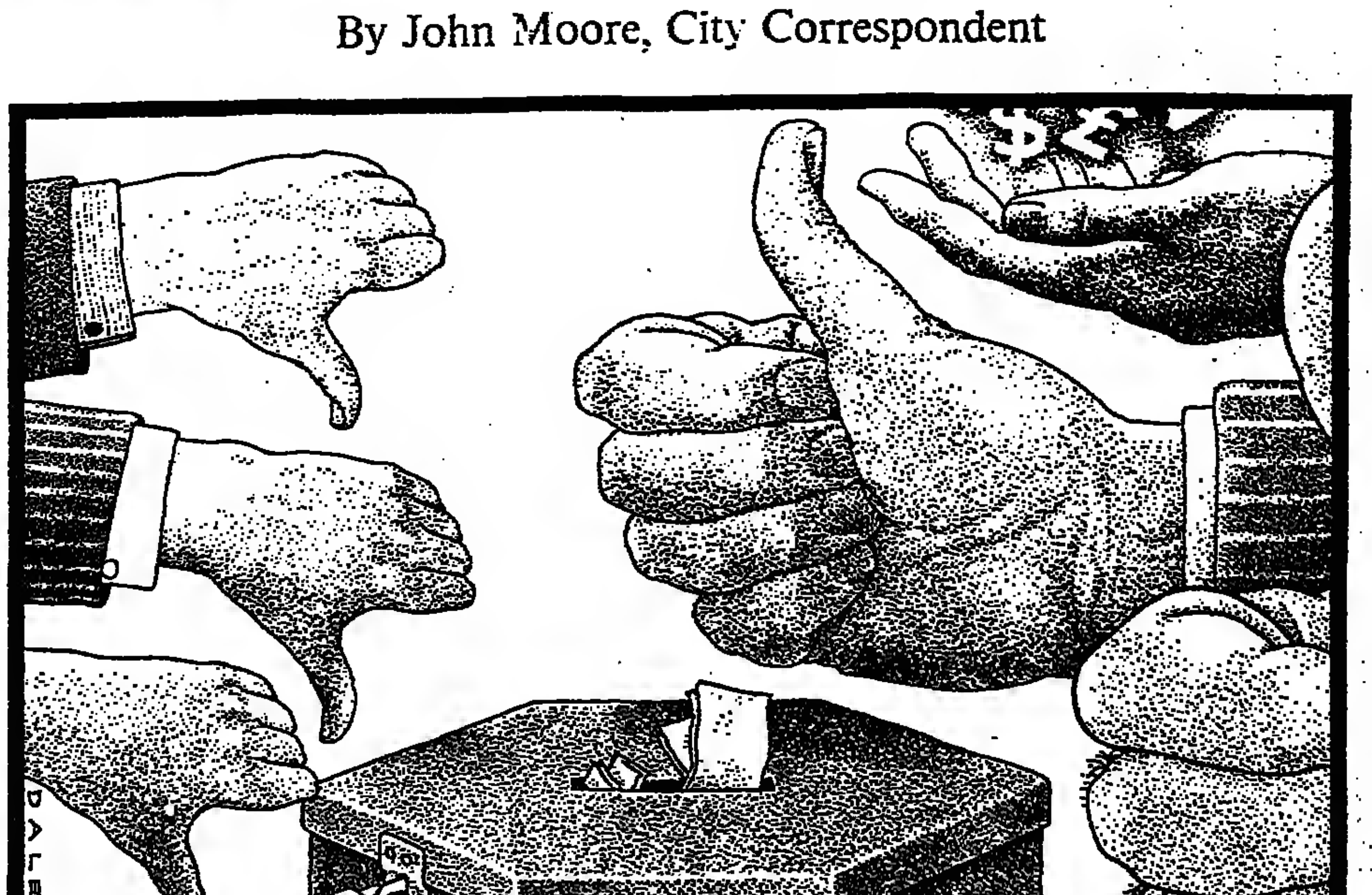
The suggested OECD remedy, tax cuts in three countries which are all officially obsessed with cutting their public sector deficits, looks at first sight like a forlorn hope; but things are not always what they seem. Both Mrs Thatcher and Chancellor Kohl are under strong political pressure to do something popular in time to restore their electoral fortunes, and they may well follow the OECD's advice early next year, even while protesting, right up to the finishing tape, that nothing could be further from their minds. Japan will suffer most from any drop in U.S. demand, but here the tea-leaves are much harder to read; Mr Nakasone may be too weak domestically to do anything to head off a recession.

However, the biggest impact of a U.S. recession, if it emerges, will not be on other people's policies—at best they seem likely to do too little, and too late—but on interest rates. Even at this stage, slack American orders are causing renewed troubles for the debtor countries, while in Europe a new round of interest rate cuts started this week. These cuts may not, as the OECD suggests, revive the world economy, but at least they should stimulate bond markets.

THE STOCK EXCHANGE VOTE

A crucial week in the City

By John Moore, City Correspondent



BETWEEN 11 am and 4 pm next Wednesday the future course of the British Securities market will be decided on the 23rd floor of the London Stock Exchange building.

That is the day when the 4,495 members of the Exchange will complete their voting on proposals which could change their lives and the character of the Stock Exchange forever.

Feelings are running high within the Stock Exchange where a classic confrontation has built up between the small firms which mostly service UK private clients and the large firms increasingly competing in international markets. Those taking part in the poll next week will be voting in moods ranging from optimism, greed, fear and anger to plain blank resignation.

The key issue on which the members are voting is a decision by the Stock Exchange ruling council that banks, insurance companies and other financial groups or any concern outside the stock market should be allowed to own 100 per cent of the Exchange's stock-broking and stock-jobbing firms. To that end it is proposed that a rule currently limiting outside ownership of firms to 29.9 per cent should be relaxed and 100 per cent ownership should be permitted in the future.

That proposal is contained in one resolution, which needs a simple majority of those voting. The second resolution contains a series of constitutional changes which are required as part of the reforms. This needs a 75 per cent majority of those voting.

An illustration of the strong feelings on both sides can be found in a circular distributed by a group of anxious members within the Stock Exchange this week. It proclaimed: "Before you cast what may be your last vote as an individual member of the Stock Exchange, consider carefully the following: is it acceptable that a member firm be owned 100 per cent by a single outside shareholder which, in some cases, may be foreign?"

The circular, which reflects many of the fears and worries over the proposed reforms which have divided the market, urges those with any doubts about the Stock Exchange's proposals to vote "no." It also highlights the great cultural divide within the membership.

The vote, described by Sir Nicholas Goodison, chairman of the Exchange, as "crucial to the future of our market," is taking place as unprecedented realignments are developing within the securities business in London.

Since Sir Nicholas agreed with the Government in 1983 that the present minimum scales of commission on securities transactions would be dismantled by the end of 1986 (see below), Stock Exchange firms have been seeking more capital to cope with more competitive environments.

In all, more than 50 deals have been done involving Stock Exchange firms since the summer of 1983. All the top 20 stockbroking firms, with the exception of Cazenove, have done deals with outsiders, agreeing to fully sell out their firms once the Stock Exchange relaxes its 29.9 per cent rule.

These deals have earned millions of pounds for the individual partners selling the firms to banks and other interests. And it has not gone unnoticed by those firms which have not found a rich partner outside the walls of the Exchange, that in the council chamber of the Stock Exchange itself some 30 members of the council work for Stock Exchange firms which have done deals with outsiders.

At the same time, the big U.S. investment banking groups are seeking to become players in the British Government securities market — the gilt-edged market — newly restructured by the Bank of England.

Much of the tension ahead of next week's meeting, however, is due to the fact that the small stockbroking firms based in the provinces and in London, which essentially offer services to private clients rather than to the institutions, have been largely left out of the current upheaval. Altogether, there are 913 voting members working for 116 broking and jobbing firms outside London. Although few admit it, many are resentful of the way in which lucrative deals have been struck by the biger firms, and fearful of thet future in a market where big, powerful securities houses are emerging.

Such anxieties were reflected in the circular that was sent to members this week. "Are you a partner or an associate of a firm that is not committed to an outside deal and fear that in the short time the big battalions will dominate the market and eliminate most of the less financially well-endowed?" it asked.

"I object to the way the changes are being pushed through so rapidly," adds Mr Barry Fisher, a broker with the small eight-partner London-based broker, Shaw and Co., and the man who issued the circular to members. "There should have been more consultation."

He is also worried by the competitive implications. "One major bank is rumoured to have considered dealing on nil commission for eighteen months or longer. This could drive the smaller firms out of business," he said.

Mr Terence Ahern, an associate member with stockbroker Walker Crips Weddle Beck, a six-partner London firm, declares angrily that "the outside houses are getting in too cheaply."

Against there are ranged the arguments of the bigger groups which have done deals.

"Whatever you do you can't slow the changes down," said Mr Tim Nixon, a partner with the large stockjobbing firm of Akroyd and Smithers.

As part of its proposed constitutional changes, the Stock Exchange devised an ambitious scheme to create a market in the shares of the Exchange itself which it hoped would head off possible opposition. Each individual member holds one share in the exchange itself. The proposal is to split each share into five and require that established firms hold at least 50 shares. If, however, more than 50 per cent of a member firm is owned by outside interests a further 50 shares will be required to be held. The aim is to give the membership some value for their involvement by allowing shares to be traded between members.

The Exchange has been determined from the start to ensure that the scheme does not push up the cost of entry of the outsiders to levels where they would be deterred from carrying out business there, an anxiety shared by the Government and the Bank of England. The Stock Exchange retained the right to issue shares if the existing shares reached £2,000 each in the course of trading.

The proposal caused an uproar in the Exchange that the ruling council was forced to remove the £2,000 limit — although it retained the right to issue shares. This still rankles in the Exchange, whose members will be required to vote on the amendment next week. It requires a 75 per cent majority to be carried. "It doesn't mean anything," said Mr Ahern, "if the Stock Exchange retains the right to issue more shares."

The stakes for Sir Nicholas and the Stock Exchange council this week are very high. They fear that if the reforms do not gain the required level of support, the Stock Exchange's securities market will fragment. "The market in gilt-edged securities and in leading equities is likely to move outside the Stock Exchange," members have been told.

If members do not vote in favour of the rule which will allow outsiders to own 100 per cent of the shares of firms, the ruling council believes that it will be impossible "to maintain an efficient and liquid market-making system through which the remaining firms could do their clients business effectively."

Some smaller brokers argue that it does not matter if the gilt-edged market moves away from the Stock Exchange. But in the Stock Exchange it is feared that if the gilt-edged market were to move away, it would be a signal to the outside world that no one cared about the preservation of a central market in securities and would lead to fragmentation.

Sir Nicholas is a passionate believer in the preservation of a central market in securities. "We have a duty to ensure that there is an efficient central market and that its competition is keen, and that it is well regulated," he explains. "The Stock Exchange is the one body that has a reputation for tough and effective regulation."

Next week he will know just how successful he has been in winning over other Stock Exchange members to his views.

LANDMARKS ON THE ROAD TO REFORM

The changes proposed by the Stock Exchange have been stimulated by the twin pressures of commercial competition and political necessity. In the summer of 1983 Sir Nicholas Goodison, the Exchange chairman, and the then Secretary of State for Industry, Mr Cecil Parkinson, agreed that the Stock Exchange would implement reforms which would dismantle the scales of minimum commissions on securities transactions carried out in the market. (A timetable for this change has already been worked out). It also agreed to allow outsiders a degree of involvement in the regulation of the Exchange. In return the Government agreed to exempt the Stock Exchange from the effects of the restrictive practices legislation — this stopped a legal action between the Stock Exchange and the Office of Fair Trading (OFT).

During the 1960s and 1970s, meanwhile, foreign business in the Stock Exchange had been lost to outside internationally based firms. Eurobond business, for example, was developed almost entirely outside the Stock Exchange. The abolition of exchange controls in 1979 gave foreign houses the opportunity to make a successful competitive thrust for the expanding foreign business of UK institutional investors. Faced with intensified competition, Stock Exchange firms began to demand the opportunity to compete on the same terms and conditions.

The Stock Exchange saw that if there was to be a worthwhile market in foreign securities within the Stock Exchange, its members would either have to be allowed more freedom outside the market or invite non-members in. So its rules governing dealing in foreign securities have been steadily relaxed.

Another problem was the so called single capacity system whereby the Stock Exchange separates the functions of stockbrokers—who buy and sell securities on behalf of clients—from the function of stockjobbers—who make markets in securities.

But after the abolition of Exchange Control in 1979 the British securities houses came into direct competition with the big U.S. investment banking and securities groups and other overseas groups, which offered both market making and agency facilities. With the proposed abandonment of minimum commissions, dual capacity within the Stock Exchange became inevitable.

The commercial pressures and politically inspired changes led Stock Exchange firms to search for capital. The resources needed for market making and principal trading in equity markets are much greater than for agency business and in order to compete internationally Stock Exchange firms, which are tiny in comparison with their international counterparts, needed to become better capitalised.

Man in the News

Zhao Ziyang

Peking's lounge suited reformer

Robert Thomson

"We do not intend to copy foreign items, but to learn from foreign enterprises and experience—not only from the capitalist countries but also from the Socialist countries. Through this we can make our advances. We must find an economic system suitable to the character of this country."
Chinese Premier Zhao Ziyang.

AS CHINA'S most populous province, Sichuan, pulled out of famine in the late 1970s, a peasant rhyme engraved the name of its chief administrator in Chinese lore: "Yao chi liang, hao ivang." ("To soothe your hunger pang, look to Ziyang.")

Since then the pragmatic Zhao-inspired economic reforms in Sichuan have become the model for China's economic reforms, and the skilful provincial administrator who inspired them has become China's prime minister. He has also become a man of the world.

Zhao is China's travelling statesman, having been almost everywhere there is to go (the U.S., Japan, 11 African nations, Australia, etc), selling goodwill door-to-door, and when necessary, turning his hand to diplomatic fence-mending. He arrives in Britain tomorrow for his first visit as Chinese

On his 17-day European tour, he will be travelling with a shopping trolley for technology and for other aids to China's modernisation programme," and will be prodding host countries to "buy Chinese."

Zhao Ziyang is equal second in the Chinese leadership rankings, sharing the position with Hu Yaobang. Zhao heads the government while Hu is the Communist Party general secretary, though both are tucked in behind the great pragmatists, Deng Xiaoping.

Though their backgrounds and personalities differ, the heirs apparent are heirs without apparent conflict. Zhao has a controlled but not unpleasant manner, blending candour with sophistication.

Hu is prone to the occasional gaffe. He proved that loose lips sink ships when his unexpected remarks about the nuclear nature of U.S. warships to visit Shanghai in mid-May led to the postponement of the planned visit. Numerous Western European governments have also invited him to visit their countries, and diplomats here expect an RSVP to the affirmative within a year.

The peripatetic Zhao Ziyang, meanwhile—father of five, a regular jogger, and sometime swimmer—had an unlikely upbringing for a Chinese leader. He was born into a landlord family in the central province of Henan. Ziyang ("purple flower") is not his real name. He adopted it for unknown reasons when he was young, dumping "Xiusheng."

He had the luxury of nine years schooling. (Seventy per cent of China's 40m party members in 1984 had not even graduated from primary school and 10 per cent were illiterate.) His career as a communist began in 1932, when he joined the Communist youth league. Six years later, aged 19, he joined the Communist party proper.

He later returned to southern China and Guandong province, where he had become an upwardly-mobile party office-bearer in 1957, and, in 1965, rose in the First Secretary's position and was head of the southern division of the party's central committee. Then came the Cultural Revolution.

Like so many of the present leaders, Zhao was left beached by the changing political tide of the cultural revolution (1966-1976). In 1967, he was paraded through the streets of Canton, dunce's hate on head, and condemned as a "stinking element of the landowning class."

He surfaced four years later in Inner Mongolia, working as a party secretary. The worst excesses of the cultural revolution had passed him by, and as a career communist, he still had the opportunity to better himself.

The policies that generated hatred among rabid Maoists, and prompted the label "capitalist roader" were the policies implemented by Zhao after his political rehabilitation was complete. He was appointed—by the then senior Vice-Premier, Deng Xiaoping—in 1976 as First Secretary of the party's Sichuan division.

Once known as China's "rice bowl" and the "kingdom of abundance," mismanagement had made Sichuan the "land of tragic disaster," where stories abounded of families selling their children for rice coupons. After taking control, Zhao unleashed market forces, encouraged self-management of factories, introduced workers bonuses for increased productivity, and reorganised farming techniques.

The Zhao policies worked. In the three years to 1979, industrial production rose 81 per cent and agricultural output rose 25 per cent. Sichuan regained reputation as the province of abundance.

Peking had noticed the improvement, and in 1978, Zhao accompanied the then chairman Hua Guofeng on a tour of Romania, Iran and Yugoslavia. Hua was later banished, permanently, to the political wilderness.

On tour, Zao prefers a lounge suit to a Mao tunic, and now often wears a western suit

His present excursion to Britain is not his first, having led a Sichuan delegation to Europe in 1979, about the same time as he was starting to make his way through the party ranks in Peking. Deng, himself a Sichuanese, was impressed by Zhao's performance in his home province and became a patron.

Deng brought him to Peking in 1980 to take up a post as vice-premier, effectively taking over the workload of the fast fading Hua-Guofeng, who formally lost the premiership to Zhao five months later.

Since winning real power, Zhao, who says that he works a ten-hour day, has formed a united front with Deng and Hu in cutting back the country's bloated bureaucracy, and in entrenching their economic reforms by replacing older cadres with younger and better educated officials.

Thus far, his efficiency in the provinces has been transported successfully to Peking, but it is still unclear whether he has been as efficient in building a personal power base. He appears to be a smarter performer than Hu Yaobang, but that doesn't necessarily count for much come the time for head counting in the party room.

The French Rothschilds

Comeback of the resilient Baron Guy

By Robert Mauthner

NO ONE personifies as convincingly the French Rothschilds' capacity to recover from the successive disasters which have befallen them over the years than Baron Guy de Rothschild. The most internationally famous member of the French branch of the family, not least because of his horse-racing successes and well-publicised luxurious social life, the 76-year-old Baron Guy is now surprisingly reconciled to the nationalisation by the French Socialist government in 1981 of the Rothschild banking and industrial interests.

"Having felt very upset and bitter for a time, I realised that bitterness hurts the person who feels it and does no harm to the person against whom it is directed, so commonsense dictates that one should give it up," Baron Guy said in an interview with the Financial Times on the occasion of the publication in England and in English of his autobiography.* (The book was first published in French two years ago.)

He has not always taken such a philosophical view of the appropriation by the state of Banque Rothschild and the non-ferrous metal conglomerate IMETAL, which he looks upon with pride as one of his best personal achievements.

In a now famous letter to the influential Paris newspaper Le Monde, entitled "Adieu Rothschild," Baron Guy described with passion and pathos the fate of the French Rothschilds over the past 50 years.

The Popular Front government of Leon Blum ousted the family from the management of the railway company Chemin du Fer du Nord, which they had run since 1857 and Baron Guy's father, Edouard, from a directorship of the Bank of France, which he had held for 20 years.

In 1940, the Vichy regime deprived Edouard de Rothschild and his brothers, Robert and Henri, of French citizenship and confiscated their possessions.

"Before joining the Free French, I had to face the sequestration of the bank, the seizure and dispersal of my family's possessions," Baron Guy said in his letter.

"The French Rothschilds made the mistake of believing that they coul develop and grow with their time and in their own country; they were wrong. The Socialist Radicals have excluded them from the economic community.

"Of the House of Rothschild there will remain a few odd pieces, perhaps nothing. A Jew under Petain, a pariah under Mitterrand—for me it's enough. To rebuild on ruins twice in a lifetime is too much."

It seemed too much at the time but, only four years later, no more than the normal kind of bother the Rothschilds have to put up with periodically. Baron Guy, a twinkle in his eye, now tends to see things in a much more historical perspective.

"The French Rothschilds," he admitted, "may have a certain capacity of survival because they have become conditioned to the ups and downs of French history.

"France, contrary to Britain, now and then suffers from what I like to call bouts of measles—1848, 1936 and 1981 are the dates I have in mind. On such occasions, sometimes Jews, sometimes capitalists, and particularly bankers become the special targets for attack."

Despite what has happened, Baron Guy firmly rejects the view that anti-semitism is deeply ingrained in French society. "French anti-semitism has been played up abroad quite out of proportion to what it really is and I think unfairly for my country, except for the Vichy episode which was entirely against the French tradition."

Having given up "all form of regret, bitterness or nostalgia," as he put it, Baron Guy now has his eyes firmly fixed on the future again. It is a future which involves his son David and other younger members of the family more than himself, but it is very much a Rothschild future with a renaissance of the family firm in France once the political situation has changed.

"The fundamental move was when I went to the U.S. in 1982—for a period, not for always—to demonstrate to the outside world and to the international financial community that the French Rothschilds had not disappeared, had not just been wiped off the map.

"It was to demonstrate that our half of Rochschild Inc.—the other half being our English cousins—was as lively and as active as the other half. That was the purpose."

The parallel with General de Gaulle leaving France after its collapse in 1940 and setting up a provisional government in exile to ensure the continuation of the real France was not lost on the Baron, though he rejected the comparison with a self-deprecatory gesture.

"In the meantime, my son David started a small firm of financial services in Paris (we had a nucleus of companies qualified to do this) which is working very well. It has a small staff and has got its sums right."

Baron Guy explained that David had recently obtained a bank charter for the new firm, which was an investment bank and would probably adopt the name Rothschild in a year or two.

"We'll go back to the old name Rothschild Frères and not the one used by the former commercial bank nationalised by the government, Banque Rothschild."

"We won't and we can't go back to what you call our empire, our holdings as they were before. The bank is dead. It has lost its identity, its soul, its best staff, so we won't go back either to commercial banking or to that particular entity.

"The building in the Rue Laffitte was too big. It was nearly too big for the bank and certainly would be a million times too big for the institution which we now have and which is very small.

"If David and Eric, my nephew, want to build a future of that sort, they have other tools to build it with and they can choose the investments they are interested in.

"There's the Compagnie du Payot, a former railway company, which we control and which is publicly quoted in Britain and there is also Francarep, which has good investments in oil in the North Sea and in Italy and has quite a sizable amount of cash in the U.S. This is also a possible nucleus of expansion.

"Another thing they have in mind is the development of the wine business—I'm not talking now about Chateau Lafite. We have acquired various vineyards and possibly may acquire more. So they (David and Eric) have the elements on which they can build. They are not locked in."

Though a resident of New York since 1982, "which allowed me to live the way and achieve the things I wanted, completely free from any French administrative interference," Baron Guy says he intends to go back and live in France, probably next year. "I will still commute to America, but I will have my domicile in France once more."

At this point of the conversation, however, the old scars begin to show, however much Barton Guy has tried to put a good face on things.

"As for the Rue Lafitte, it wa a placg where d Iha wUhd was a place where I had a big piece of my heart, my memories, my associations. It broke my heart to leave it and I don't want to return to it. I once said jokingly that I would only return if the police forced me to because I was a criminal.

'So, even when I drive through Paris, I try not to take that street and to go round it. But that is purely sentimental."

"The Whims of Fortune," by Guy de Rothschild, Granada, £12.95.

A day at the races for Baron Guy de Rothschild and his wife.

> Having given up 'all form of regret, bitterness or nostalgia,' he now has his eyes fixed firmly on the future

An Italian savoury war

Say cheese—but only at your peril

By Alan Friedman in Milan

PARMIGIANO cheese is perhaps best known to Americans and Europeans as the one which is grated and sprinkled on to pasta dishes. Records in the Emilia Romagna region of central northern Italy show that farmers there have been mixing fresh milk and rennet for seven centuries to produce the distinctive flakey yellow cheese. Several biographies of Moliere tell us that during his declining years the great playwright ate little else.

Whatever you may think of Parmigiano-Reggiano (to give the cheese its full name), it would be hard to image that the product could inspire emotion-laden politics, regional rivalries and a profound debate about the course of this £475m a year industry.

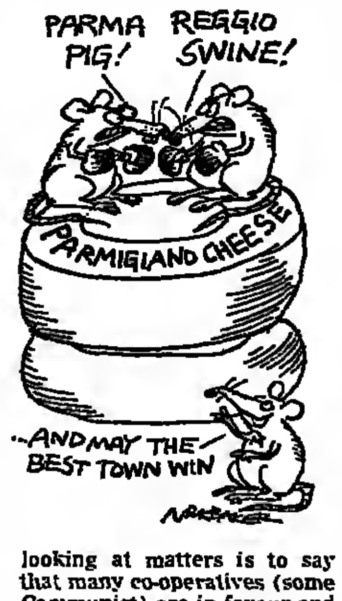
But that is precisely what is happening in the lush farmland 75 miles south of Milan, where the 50,000 milk producers and 1,006 cheese manufacturing companies are engaged in what can only be described as Cheese Wars.

The battle has been going on more more than a year now, and shows little sign of abating. What it is about? Nominally, the debate revolves around 400 cheese-making companies (each employing an average of five or six workers) who wish to protect quality by introducing a new trademark an dsystem of grading. They are set against the 600 cheese makers who argue that poor quality cheese is already discarded and the costs and delays involved in a new system would be disastrous for the business.

As is often the case with Italian issues, however, the nominal arguments constitute merely the outer crust, hiding the soft centre contention. "Let's be honest," says one official in the town of Reggio Emilia (arch-rival of neighbouring Parma, which is only 27 km up the autostrada), "this debate concerns Communists versus Christian Democrats, cooperatives versus private companies and a fundamental antipathy between the people of Parma and the people of Reggio." Then leaving aside a discussion of cheese economics and a description of a fascinating financial institution which we may call a "cheese bank," this Reggiano lowers his voice and adds: "Do you know what the people of Parma call us, what with their superiority complex? They call us blockheads."

Blockheads or not (and a visit to Parma confirms this snooty attitude toward the Reggiani), the Cheese Wars are a serious affair. To understand the debate it may be necessary to establish a cheese syllogism:

- Something like 85 per cent of the 1,006 Parmigiano producers are organised in cooperative dairy ventures, each sharing profits with around 50 or 60 milk producers.
- While geographically it can be said that Reggio farmers in the main favour a new system and Parma farmers oppose one, another way of looking at matters is to say that many co-operatives (some Communist) are in favour and nearly all private units are opposed.
- It should therefore follow that the left-leaning, Reggio-based co-operatives which favour a new system will triumph.



This does not follow. The problem with a cheese syllogism is that it does not work.

The way Dr Gianpaolo Mora, a Christian Democrat deputy and president of the region's cheese consortium, sees it, the geographical, political and business alliances no longer are arranged neatly on either side of the conflict.

Dr Mora, based in Parma, happens to be against a new system. "The problem of quality cannot be resolved by a new trademark," he says.

He does not feel it is desirable, as the reformers want, to leave the 35-kilo cheese wheels blank for several months before quality-testing them and then stamping on the Parmigiano-Reggiano trademark. Opponents of the new system take umbrage at dark mutterings in Reggio that the quality of milk in Parma is not always up to scratch. "No, no," they retort, "this struggle is about an attempt by the co-operatives to maintain Marxist control over the whole sector."

Back in Reggio Emilia, Dr Giovanni Beretti of the local consortium says his goals in favouring a new system are "to prevent the house from buying second-rate cheese" and to keep cheese making with cheese makers. "For some of the Parma producers business is just business. They come in and make cheese and distribute it. Maybe they'll shift their investments to engineering tomorrow."

Fighting talk, this. Sig Fabio Fontanesi of Credito Emilino, the regional bank which provides up to 75 per cent in advance credit against cheese sales and stores 180,000 35-kilo cheese wheels in its specially-built "cheese bank" warehouse, tries to remain neutral. Lots of the discussion is mere polemics, he says. But it could affect business, and that is a problem.

The solution? Two weeks ago an "accord" was signed, and to look at the many signatures scrawled over the document you would think it the Magna Carta. The agreement calls for a special study group to research and report back by the end of October. Meanwhile, the cheese community is to be offered two options—either plump for the new system or go back to the old one.

"It's a compromise," says Dr Beretti. "It will buy time," says a Parma official who asked to remain nameless. And back in Credito Emiliano's cheese bank, where the cheeses are stacked 19 high and 100 across, a supermarket wholesale buyer has his own opinion. Pausing among the rows of cheese, where he is tapping each wheel with a special percussion hammer to see how the crust takes the blows, he gives his opinion: "All this fighting is nonsense, I wish they'd shut up and just make cheese."

Letters to the Editor

BT shares and renationalisation

Sir, — Clive Wolman's well-timed advice (May 25) to holders of BT share allocations to take up the second instalment call should be acted upon by all as a censure of Neil Kinnock's threat to renationalise.

Whatever interpretation may be placed upon Mrs Thatcher's strategy in the individual limitations of this issue, its essence gave opportunity and a hitherto unexperienced freedom to the most humble investor; many of whom, presumably, do not subscribe to her politics but wish to acquire a guaranteed return from their meagre savings or residue from tax-paid income.

It is hardly likely that Kinnock's puff—to placate the Left of his party—will match his bluff designed to deter the "proletariat" from investing in further projected public utility issues as British Aerospace, gas, and water authorities, when it is considered that the newly-recruited investors (all of them consumers) may wish to apply their own measures of militancy which history has shown to be a main weapon of disagreement by some members of our society and ignored by others.

"Democracy" — often espoused of late by some sectors—seems to be diminishing daily when it is considered that every taxpayer has for years been the medication of most nationalised industries bureaucratically bed-ridden and now wish to recoup some of their losses from the same parasitical parody.

Ronald Enstley.
89 Welbeck Road,
East Barnet, Herts.

Sir Alfred Gilbert

From Dr C. Gilbert

Sir,—With respect to the excellent review of Richard Dorment's biography of Alfred Gilbert by David Piper on May 25, I should like as the owner of some of the unpublished material used by Richard Dorment to make some comments.

At a time when Gilbert was under severe financial strain in 1899 he entered an agreement with an art dealer to sell replicas of figures he was making for the Clarence Memorial. Richard Dorment has described this action as "outrageous," but in fact at that time sculptors operated under the Copyright Act of 1814 which gave the sculptor the sole right to make as many replicas as he chose for works which had been sold, or were on commission. Thomas Brock explained in evidence he gave on behalf of the Royal Academy to a House of Lords Committee in 1900 that "the framers of the Act of 1814 fully recognised the exceptional difficulties attending the work of a sculptor and the heavy expenses incurred in the production of works of sculpture, and therefore have allowed the sculptor to supplement his income by means of reproduction."

In Alfred Gilbert's Studio Diary for 1901 six meetings are recorded of sculptors meeting "to discuss a means of preventing any interference in Parliament with the sculptor's Copyright Act," those involved included Alfred Gilbert, Thomas Brock, Goscombe John, George Simonds, William Reynolds Stephens. There is no evidence as far as I can see to support Richard Dorment's view that both the King and Gilbert's contemporaries were shocked by his action in selling replicas of the Clarence Memorial figures.

One would expect a book with some 600 references to be accurate in its use of source material. In a number of instances I find that this is not so, both with regard to my own material and to the public material I have checked. Considering the importance of the Clarence Memorial in Gilbert's career and the outstanding significance of the saints in its design, why has Dorment not taken the opportunity he had to identify all the figures of the saints correctly from the unpublished material? Plates 108, 109, 110 are mistakenly labelled St Patrick, St Margaret, Edward King and Martyr when clearly that they are St Boniface, St Barbara, Edward the Confessor. This is particularly unfortunate because Edward King and Martyr was murdered at the age of 18 and Gilbert would not have represented him by the bearded middle-aged King illustrated in Plate 110.

Cecil Gilbert,
5, The Grove,
Forest Hall,
Newcastle-upon-Tyne.

Earnings-related pension schemes

From the Director, National Consumer Council

Sir,—Your leader (May 21) on alternatives to the State Earnings Related Pension Scheme (Serps) quite rightly points to the virtue of portable pensions as being "personal and portable" because there is a direct link between the contribution of an individual (and his employer) and the benefits eventually received. But this is an attribute shared with Serps, not an argument against it.

Unlike occupational pensions, Serps—having no direct link to a particular occupational scheme—allows complete freedom of movement between jobs. Also, being based on the "best 20 years" of earnings it does not penalise low-paid workers whose income often goes down late in their working lives, and is much less likely than occupational schemes to penalise women who interrupted their careers to bring up children.

You put forward as an alternative a more generous basic pension withdrawn according to income, expressing the hope that computerisation of taxation and benefit would somehow render this painless. But many people now are entitled to means-tested supplementary benefit and 30 per cent of those eligible do not claim it for one reason or another. Their entitlment is already impersonal and more or less automatic, although it is dealt with manually rather than by computer.

The fact is that claiming on state pension, however administered, would be a mark of poverty under the system you propose and would penalise those who hod saved for or contributed towards a private income, for this would lead them to lose any means-tested pension. At present, because pension goes to everyone on a contributory basis, it is a right which people feel they have paid for during times of earning, to draw when they leave the workforce. As a result the National Insurance pension has a take-up of 100 per cent.

Jeremy Mitchell,
National Consumer Council,
18, Queen Anne's Gate, SW1.

Investor protection in the City

From Mr J. V. Fontannaz

Sir,—It is with great interest that I read your City Correspondent's account of the latest move in the Lloyd's saga.

As one of the thousands of people who have invested money in the City over a very long period, it is with astonishment that one perceives that the City, whose reputation was built solely on trust, continues to treat its life blood, the investor, in such a cavalier fashion. 1,525 members of Lloyd's have had their trust abused. The authorities at Lloyd's appear to have done nothing. The action proposed is farcical by 20th-century standards. Why not utilise 19th-century standards?

Today, we now have a situation where the investor is faced with the possibility of a completely new concept due to the amalgamation of various interests, bankers, stockbrokers, insurance brokers and stock jobbers, who will govern themselves entirely on a voluntary basis.

If the voluntary basis throws up the misdemeanours which appear to happen with monotonous regularity, the investors will find other ways of investing their money.

I think that unless a commission is formed to govern all City activities that has "teeth" as in other parts of the world, London as a centre of financial activities will decline with remarkable rapidity. Trust is no longer a word that has a meaning to the city slicker.

John V. Fontannaz,
Thamesfield,
Mill Road,
Marlow, Bucks.

Conservation of woodlands

From the Chief Executive, Timber Growers UK

Sir,—I was interested to see Andrew Gowers' report (May 20) on the various trade underbuted to the timber trade under the heading "Timber Trade Attacks Plan for Woodland Conservation."

I should, however, like to make clear—at least as far as Timber Growers United Kingdom is concerned—that we are not critical of the Forestry Commission's proposals because they are directed towards conservation. We support this aspect. But one of the principal issues in this debate is that the needs of conservation will not be served by an impoverished countryside.

The direction of a new Broadleaves policy was clearly indicated by the Sherfield Committee (House of Lords) in 1980, which recommended that in respect of woodlands of special interest to nature conservation, or of particular historical importance, it is necessary to decide "how large a sample the nation wishes and can afford to preserve."

The same committee also recommended that within other broadleaved woodlands, "the objective should be to manage them productively and profitably, compatible with maintaining a value for wildlife and amenity."

Half a million acres of the national broadleaved estate were felled during the last war, and it was the quality timber which was taken. Another essential objective has therefore been to rehabilitate, repair or regenerate the large number of woodlands which are overstood or neglected, often because of inadequate funds.

V The restoration and management of these woodlands is an urgent problem, but there is nothing in the Forestry Commission's proposals that is likely to persuade the neglectful owner to start managing his woodlands now.

The concern of the timber merchants whose industry depends on continuity of supply is well understood. If, as a result of the Forestry Commission's policies, timber revenues do not sustain the cost of managing a woodland, many owners faced with an unacceptable deficit may be forced to abandon them. Thus, continuity of supply will not be achieved, and rural redundancy will result.

As inheritors of a long tradition of broadleaved silviculture, woodland owners are able to achieve the balance between productivity and conservation envisaged by the Sherfield Committee—provided that the means are available to do so. A new, positive broadleaved policy will therefore be welcomed, but it must be practically related to the resources of those who will be asked to carry it out.

A. R. Williams,
Agriculture House,
Knightsbridge, SW1.

Reasons for the random walk

From Mr Osman Ahson

Sir,—Mr Anthony Harris's disarminig article, In Search of Reasons for the Random Walk (May 25) reminds me of a story I read somewhere:

A student of economics, out walking with his professor, stopped and said he saw a £5 note on the ground. "It can't be," said the professor, a believer in the efficient market hypothesis, "because if it was, somebody would have found it before now."

I believe this illustrates a paradox of the Efficient Market Hypothesis: it appears to be true because people are making money believing it not to be.

Osman Ahsan.
7 Temple Fortune Court,
London, NW11

BUILDING SOCIETY RATES

	Share	Sub'pn	Others	
Abbey National	8.25	9.25	9.52	Seven-day account
			10.25	Higher interest acc. 90 days' notice or charge
			7.00-9.52	cheque-save
			10.00	High interest cheque-save
Aid to Thrift	9.30	—	—	Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00	BankSave. Balance of £2,500. Current account. Bal. under £2,500, 9.00. Min. initial inv. £500
			10.00	Gold account. Minimum invest. £500. Imm. wdl.
Anglia	8.25	9.25	9.75	Instant gold. Annual int. No notice or penalty
			10.25	3-yr. bond. 90 days' not./pen. Diff. guaranteed
			10.75	Capital plus £10,000+. Ann. int. 60 dys.' nt./pn.
Barnsley	8.25	10.00	10.50	2-year termshare—3 months' notice
			10.10	Spec. inv. (28 days' not.) 10.10 mthly. inc. a/c
Bradford and Bingley	8.25	9.25	10.00	No notice, no penalty. £1,000+
			10.75	3 months' notice without penalty. £5,000+.
Bristol and West	8.25	9.25	9.75	Plus a/c £1,000+. No notice. No penalty
			10.30	£20,000+, 10.10 £5,000+, 9.90 £1,000+ 7-day notice triple bonus. Also monthly income
Britannia	8.25	9.25	10.30	28 days' notice £10,000+
Cardiff	9.75	9.85	10.25	90 days' not. Penalty if balance under £10,000
Catholic	8.55	9.55	10.05	Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Guaranteed rate 2/3 yrs. (or variable account)
Chelsea	8.25	9.25	10.85	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	9.25	10.75	Gold. No notice. No penalties. £20,000+, 10.75. £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	9.75	10.00	7 dys., 10.00 1 mth., 10.25 2 mths., 10.85 3 mths.
City of London (The)	8.50	9.75	10.25	3 months' notice—no penalty—monthly income
			9.95	7 days' not. im. access for amounts over £5,000
Coventry	8.25	9.50	10.50	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 10.30 £20,000+, 10.05 £5,000+, 9.75 £1,000+ monthly inc. opt.
Derbyshire	8.25	9.50	10.75	2 yrs., 3 m. not. Up to 10.00 no notice, no pen.
Gateway	8.25	9.25	10.03	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+, 10.50 if added to account
Greenwich	8.25	—	10.25	90-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.60	6 m. not. (£1,000 min.) easy acc. bal. £10,000+
Halifax	8.25	9.25	9.75	Instant Xtra. Immediate withdrawal no penalty
			10.00	90-day Xtra, 90 days' notice, no penalty
			10.25	Prem. Xtra (£10,000 min.) g'ld 2pc diff. 3 yrs.
Heart of England	8.25	9.50	10.00	90-day notice, 9.50 5-day notice, 10.75 1-yr. bond
Hemel Hempstead	8.25	9.75	10.50	90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10	7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.80	1-yr. certain min. £500 monthly income £5,000
Lambeth	8.40	9.50	9.90	7-d. a/c, 10.60 Magnum a/c 6 wks.+loss of int.
Leamington Spa	8.35	—	10.00	Spa mthly. income, no not., no pen. £5,000 min.
			10.50	High flyer, no notice, no penalty, £10,000 min.
			10.40	Supershare, no not., 14 days' pen. £2,000 min.
			10.80	Super Share, no not. 14 days' pen. £10,000 min.
Leeds and Holbeck	8.25	10.00	10.75	Monthly int., 10.25 28 days' not., 10.50 90 days' not. or pen., neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.75	Ltd. edition £10,000 3 mth.'s not. or 90-day pen.
			10.00	HRAS 3 mths.' not., 9.75 Liq. Gold no not./pen.
Leicester	8.25	9.25	9.60	£500+ immediate withdrawal no penalty, 10.75 £10,000+ min. 1 yr., 10.25 £2,000+ min. 1 yr.
London Permanent	8.75	—	10.25	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	8.25	—	10.50	2-yr. term. 2.25% differential guaranteed. 3 months' notice or penalty
Mornington	9.80	8.25	9.80	£2K, 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	†8.55	9.80	10.55	90 days' notice, no penalty. † £1,000+
National and Provincial	8.25	9.25	10.50	APEX (+2.25% gtd. 3 yrs.) im. wdl. 60 d. pen.
			10.00	90 days' notice/pen. unless bal. stays £10,000+
			9.75	28 days' notice/pen. unless bal. stays £1,000+
Nationwide	8.25	9.25	10.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			10.00	Bonus-90, 90 days' notice/penalty
			9.75	Double bonus, minimum £500, no notice/pen.
Newcastle	8.25	9.50	10.05	60 days' notice; 9.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.25	Moneyspinner plus £20,000 or more, inst. access
			10.00	Moneyspinner plus £5,000 or more, inst. access
			9.75	Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80	7-d. share/monthly inc. opt. 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40	Imm. wdl. if over £2,000. Monthly income
Peterborough	8.25	9.55	10.85	pa "85" Shrs.—85 ds. not.—min. int. inv. £5,000
Portman	8.25	10.50	*9.85	Flexi-plus, £500+ instant access, no penalty
			*10.25	Pm. £500+ 2 m. not., no pn. *Mthly. inc. £2,000
Portsmouth	8.40	9.90	11.00	5-year, 10.55 3-year, 10.35 90-day, 10.10 30-day
Property Owners	8.75	10.25	10.55	3 mths., 10.25 6 mths., 10.10 28 d., 10.00 im. ac.
Scarborough	8.25	9.50	10.25	2-yr. limited share, 1.75 guaranteed differential
Skipton	8.25	9.50	10.55	Sovereign £10,000+ instant access—no penalty
			10.30	Sovereign £500-£9,999
Stroud	8.25	9.50	11.00	2-year term. Notice accounts with monthly income option 10.50 90-day, 10.25 28-day
Sussex County	8.25	9.70	9.90	Sussex High, 10.30 90-day, 10.50 mnthly. income
Thrift	9.20	—	10.20	3-year term. Other accounts available
Town and Country	8.25	—	10.75	3 yrs. £10,000+, 10.59 £500-£9,999 withdl. avail.
			10.50	7.00 Moneywise chq.-Visa int. varies with bal.
			9.75	Supershare. Imm. wdl. No pen. min. inv. £500
Wessex	10.10	—	—	No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75	Prime—no notice, no penalty, minimum £500
			9.75	Monthly income shares, 28 days' notice
			10.75	Capital, 90 days' notice/penalty
Yorkshire	8.25	9.25	10.15	Diamond key, 28 days' notice or 28 days' pen.
			10.75	Platinum key, 60 days' notice or 60 days' pen.

All these % rates are after basic rate tax liability has been settled on behalf of the investor.

Dobson Park pace will slacken in second half

A GOOD performance in the mining equipment division has boosted Dobson Park Industries in the half-year ended March 30 1985, and the group pre-tax profit has risen from £4.45m to £5.68m. The interim dividend is held at 1.9p per share.

Over the full year the directors are expecting the profit to show an improvement on the £7.06m of 1983-84. They stress, however, that the special circumstances affecting the domestic market for coal mining equipment, following the miners' strike, will prevent the group performance for the year "being commensurate with that of the first half."

The manufacture of mining equipment produced a profit up from £3.03m to £5.18m before currencycurrency adjustment currency adjustment and interest. The upturn through the latter half of the mining industry dispute was the result of the reaffirmation by the NCB of its capital equipment investment programme for its financial year to March 1985, supplemented by improved performance overseas.

However, in the group's second half, in the aftermath of the dispute, a delay in the NCB's requirement for capital equipment will seriously affect the mining equipment performance.

In the half-year currency adjustment and interest payable shot up from £215,000 to £1.21m.

The group's other interests are in engineering and power tools. The engineering side made a profit of £322,000, against an adjusted loss of £131,000, with all sections producing positive contributions except Powerlite Generators in Australia. In power tools, the profit was £1.15m (£1.22m adjusted), which, the directors say, is a little disappointing. The adjustments to the 1984 figures follow the decision to include Powerlite Generators in engineering, rather than in power.

The directors say the improving trend in engineering should continue, although seasonal influences had a depressant effect on Byron and Britains which will be reversed in the current half. Cost of significant investment in the development of new products will have a "material effect" on the results of Byron, but the engineering division should improve further in the second half.

In power tools, further investment and "vigorous" marketing activity, particularly in the UK, should lead to increases in market share for both Kango and Wolf products.

In the half year turnover rose by £5.65m to £103.63m. The tax charge is £2.75m (£2.1m) to leave the net profit at £2.93m (£2.35m). Earnings are shown at 3.5p (2.8p).

● comment

There is a perverse irony about the way the miners' strike has impacted on Dobson Park Industries—having come through the strike itself very well the company now fares a £1½m drop for the year in mining equipment sales as a result of the National Coal Board's reorganisation plans. Hence better than expected results in the last two halves are, we are warned, likely to be followed by less good news. In Australia, Powerlite Generators remains in thereed to the tune of £1m—but having been shifted into the engineering division is now casting its baleful light over what was otherwise a good recovery story. The addition of £6.2m to net debt plus foreign exchange losses of £300,000 caused the leap in financial charges — although gearing remains a manageable 24 per cent. The holding of the interim dividend is probably a good indication of what will happen to the final—but as the running yield is 8.9 per cent this should not cause much concern among investors. However, the warnings given by the board have been enough to shave 4½p off the share price, taking it down to 84p. Analysts are forecasting £8.5m for the year, which on a tax charge of 40 per cent, has the shares trading on a prospective multiple of almost 14.

Union Discount cash call to fund gilts dealership

Union Discount is to raise £14.4m through a one-for-four rights issue, to help finance its proposed primary dealership in the gilts market. The price for each new £1 stock unit will be 600p. J. Henry Schroder Wagg has underwritten the issue, while Cazenove are acting as stockbrokers.

The group has applied for approval from the Bank of England to become a primary dealer in the new gilts market in its own right. Under the new regulations it will be required to set up a separately incorporated and capitalised subsidiary for its gilt-edged operations which the directors envisage will require capital of around £20m.

Union Discount is one of the few City companies which has chosen to take the independent route to becoming a market maker in gilts rather than through acquisition or merger. In February, it recruited three gilt-edged traders from Laing & Cruickshank and said yesterday that it would continue to build up its resources in this area in anticipation of the changes in the gilt market expected in the latter part of 1986.

The group confirmed yesterday that it aimed to remain a strong and independant force in the London markets and was therefore expanding its capital base through the rights issue to enable it to exploit fully the emerging opportunities in these markets.

This year however, it has had a difficult time which has resulted in losses as a result of the fluctuation in short term interest rates. But Mr Graeme Gilchrist, the chairman, emphasised yesterday that the losses were "insignificant" on its gilt trading activities—which last year accounted for over half its disclosed profits of £7.94m—while overall losses had been reduced.

He added that the trading position was now improving. "The directors intended to at least maintain the annual dividend on the enlarged share capital at 37p per stock unit."

Provisional allotment letters for the rights issue will be posted on June 17.

See Lex

Freshbake downturn to £1.1m

Freshbake Foods Group suffered a fall in pre-tax profits from a restated £1.98m to £1.14m in the year to March 31, 1985, in spite of an increase in turnover to £60.69m, against £47.2m. The directors however, are confident of the continued growth of the company in the fast expanding frozen food sector.

Despite a delay in the completion of the group's reorganisation programme into the present year, they anticipate a *significant improvement in profits* in 1985-86.

As a result of its enlarged and re-organised production and distribution facilities, the directors believe the group is well placed to meet customers' rapidly expanding sales requirements.

Sales growth in the current year will be enhanced considerably by the addition of new products, they state.

Although stated earnings per 5p share were down from 5.63p to 2.67p, the dividend is doubled to 1.7p (0.85p) net with a final of 1.1p.

Tax took £400,000 (£415,000). Extraordinary debits accounted for £419,000 (£665,000) and included the cost and expenses of an incidental to the acquisition of Baughan's Foods, Muirson Food Brokers International and McKellar Watt of £309,000; and reorganisation costs of £110,000, net of £89,000 tax.

In accordance with merger accounting principles, the results for the years 1984-85 and 1983-1984 include figures for the whole 12 months of the newly acquired companies, Baughan's Foods and Muirson Food Brokers.

For the period from April 1, 1984 to March 31, 1985, Baughan's made a pre-tax loss of £45,000 on £15.99m turnover, while Muirson contributed a £312,000 profit from £4.89m turnover.

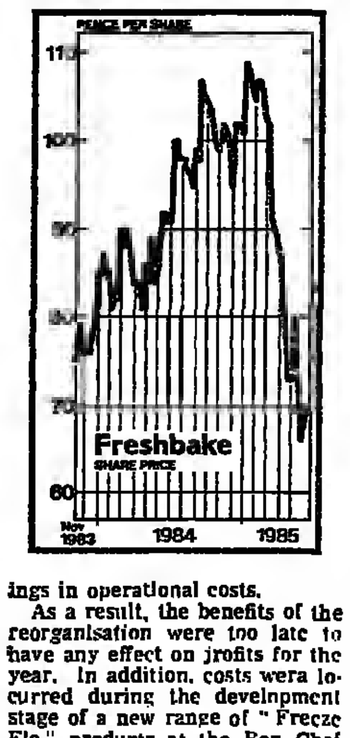
In the period before acquisition (April 1 to July 28, 1984) Baughan's loss was £95,000 from turnover of £3.69m, and Muirson made a profit of £69,000 on £1.47m turnover.

The directors report that the reorganisation at Freshbake Foods Limited of the enlarged group's production and distribution capabilities and strengthening of management has taken longer than anticipated.

In a highly competitive market, they believe that a sales growth of 27 per cent, materially assisted by new listings and new lines established with major customers, is a creditable achievement.

However, this growth has been secured at the expense of profit margins in the short term. The new listings coincided with the pre-Christmas seasonal sales demands and temporarily resulted in significantly-increased costs of production.

Product development and increased production requirements interrupted the reorganisation programme at a critical stage of implementation and delayed the restructuring of the group and the consequent substantial savings in operational costs.



As a result, the benefits of the reorganisation were too late to have any effect on profits for the year. In addition, costs were incurred during the development stage of a new range of "Freeze Flo" products at the Bon Chef factory.

Following the restructuring of the group's Baughan's Braintree factory, the Seaham factory of Freshbake Frozen Dough Products and the Bon Chef factory at Stockport have been successfully integrated within Freshbake Foods.

Keep's higher and final Adams' offer

Keep Trust yesterday announced an increased and final cash offer worth £4.75m for Adams and Gibbon, the Newcastle-upon-Tyne motor distributor.

Keep has upped its original offer of 240p for every Adams ordinary share and 80p for each preference share to 260p and 100p respectively.

Keep, advised by Charterhouse Japhet, currently holds around 32 per cent of Adams, advised by Barclays Merchant Bank. Adams said yesterday that independent valuers had estimated net assets per share to be 383p. Last night Adams' shares closed up 4p at 258p.

Cole forecast

Cole Group, the plastics manufacturer, yesterday forecast a sevenfold interim pre-tax profits rise to £400,000 in a bid to stave off a £5.1m takeover bid by Robert Moss, the manufacturer and distributor of plastic injection mouldings.

Cole shares remained unchanged yesterday at 184p. On the basis of last night's closing prices the Moss offer values Cole at 170p per share or £5.1m. Moss shares closed unchanged at 105p.

Cole's forecast compares to last year's annual pre-tax profits of £278,000.

Approach to Utd. Wire moves shares up 48p

BY CHARLES BATCHELOR

A TAKEOVER bid may be imminent for United Wire Group, the Edinburgh-based manufacturer of non-ferrous rods and wires. The share price leaped 48p to 198p yesterday to value the company at £16.1m, after it disclosed it had received an approach which might lead to a bid.

Stockbrokers' analysts are forecasting United should make a pre-tax profit of about £2.8m in the year ending September 1985, compared with £2m last time.

On May 2 United announced that first-half pre-tax profits had risen to £1.37m from £842,000, on turnover which fell slightly to £10.4m.

United has recently been recovering from a four-year period of widely fluctuating profits. They fell sharply in the year ended September 1980 and, after recovering in 1982, slumped again the following year.

Last year it disposed of a South African subsidiary, Star Screens, and Thule, its U.S. business, in moves which substantially reduced borrowings.

Oceonics bids to halt fall

Oceonics, the marine and defence electronics group, which last month put itself up for sale, yesterday attempted to stem the recent sharp fall in its share price.

The directors issued a statement saying they noted the sharp fall in the share price in the past few days but that they knew of no reason for it. Trading is continuing normally and satisfactorily, they added.

Oceonics, once one of the star performers on the Unlisted Securities Market, firmed 10p to 70p yesterday following the statement. It had previously fallen 30p in the week from the previous Friday's close of 90p and is still only half the level at the time of its for sale announcement.

The board said it expected to issue a circular to shareholders over the next few weeks setting out the proposed change in the terms for the acquisition of Comap, a U.S.-based offshore survey company. A sharp improvement in Comap's profits meant Oceonics was faced with a *larger-than-expected* bill to buy the company. This has been renegotiated to about £10m, half the previous level.

Oceonics announced on April 1 that it lacked the finances to fund its own ambitious expansion plans and asked for bids from potential buyers.

Hill Samuel net profit up 26% to £32m

By Margaret Hughes

Hill Samuel, the merchant bank, reported a 26 per cent increase in net profits to £31.93m for the year to March 31. Growth in fully-diluted earnings per share, on capital increased by a £40m rights issue during the year, was 11.4 per cent.

The directors are recommending a final dividend of 8.3p, increasing the total dividend to 11.55p. After adjustment for the rights issue, this represents an increase of 14.7 per cent on the previous year's total. Share capital and reserves to March 31 totalled £224m, up from £151m a year earlier.

Mr Christopher Castleman, group chief executive, said yesterday that he was very pleased with the year's results, which showed substantially increased profits for the fifth consecutive year. When Mr Castleman, who is generally credited with the recent turnround in the group's profitability, joined Hill Samuel in 1980, net profits totalled £7.7m.

The group's merchant banking operations turned in an increase in profits of more than 23 per cent to £23.32m. In the UK it had, he said, been an exceedingly good year with profits up by more than 50 per cent. The group's treasury division had had had a marvellous year.

The corporate finance and the new issues and flotations business had also performed exceedingly well. Commercial branch banking was well ahead but business elsewhere was flat.

The group's investment management services contributed profits of £5.97m, up from £5.22m. There were also increased profits from the insurance broking and shipping services of £1.78m (£1.06m) and £2.85m (£2.81m) respectively.

However, the group is continuing to have problems with the U.S. end of its employee benefit services. As a result the division reported reduced profits of £2.06m (£2.16m).

Mr Castleman said that the reduction in the division's profits was the result of losses of £1.25m, incurred by its computer soft-ware operations in New York.

Its trading position had now been improved, but he said that the group intends to sell this unit during this financial year.

However, the contribution from the South African operations was "significantly down" after making substantially increased provisions. The underlying trend was also down in Australia where its operations was recently restructured to give it a minority stake in a Macquaire, a licensed trading bank. The sale of its existing merchant banking subsidiary there realised funds of £17m which together with the rights issue of £40.5m and a perpetual *floating rate not issue of £75m* has provided the group with some £120m in capital.

Some £30m of this has been used to increase the bank's capital base and a further £45m on acquisitions for the purchase in September of stockbrokers Wood Mackenzie. Mr Castleman said that some £25m to £40m of the remainder would be used to capitalise its proposed market making position in the gilt and equity markets for which it is seeking Bank of England approval. The rest might be used for further acquisitions, but he claimed that the group had no particular acquisition in mind at this stage.

See Lex

LMI stays firm on Allied bid

BY MARTIN DICKSON

London & Midland Industrials said yesterday that it would not be increasing the value of its contested takeover bid for Allied Textile Companies.

The £44m bid closes on June 14 and will lapse if it does not go unconditional then. By last week's second closing date LMI had received acceptances from the *holders of only 0.113 per cent* of ATC shares.

However, ATC's share price, which has remained consistently above the value of LMI's offer, fell sharply on yesterday's news, closing at 450p, down 50p on the day. That puts it below the value of LMI's all-share offer, worth 465.4p on the basis of LMI's unchanged closing price last night of 179p.

However, the position is complicated by ATC's proposed acquisition of the unquoted Mayfield textile company in a cash and shares deal worth around £9m, which was unveiled in the middle of the bid battle.

ATC is to hold an extraordinary general meeting next Thursday, June 6, to seek shareholders' approval for this deal. LMI said yesterday that its offer would only proceed if the Mayfield purchase did not.

Mayfield's vendors, for their part, have said the deal with ATC is conditional on the lapsing, or withdrawing, of the LMI offer—though they have reserved the *right to waive this*.

LMI has asked for an adjournment of the EGM until after June 14, so shareholders could consider the bid and the Mayfield deal separately, but ATC said yesterday that it saw no reason for this. It believed shareholders would regard the purchase as a more rewarding prospect than acceptance of LMI's offer.

LMI said factors behind its decision not to increase its terms included uncertainty produced by the conditions and timing of the Mayfield deal and the "substantial" premium over net asset value ATC proposed to pay for Mayfield. In the light of available information, LMI believed its offer was full and fair.

Peter Cowell to head Ion Beam Systems

BY LIONEL BARBER

MR PETER COWELL has stepped down as group managing director and chief executive of Dubilier, the Oxfordshire-based manufacturer of electrical and electronic components.

Mr Cowell is to become president and chief executive of Ion Beam Systems, a newly formed company which has merged IBT Dubilier (formerly Dubilier Scientific) and Ion Beam Technologies, the U.S. subsidiary in which Dubilier had a 48 per cent equity stake.

Ion Beam Systems, which specialises in liquid metal ion beam technology to make semi-conductors, has now obtained additional $3.5m funding from a syndicate of U.S. investors, including Citicorp Venture Capital, Alan Patricof Associates, The Charles River Partnership and an associate of Mr Cowell.

Last December, Dubilier wrote off £3m of its total £3.6m investment in Ion Beam and made it clear that the company needed further funding. This month, the group revealed a 26 per cent rise in pre-tax profits to £2.9m on turnover of £24.7m.

Under the agreement, the new investors will receive 50 per cent of Ion Beam's voting share capital, with the management eligible for up to 15 per cent. Dubilier will hold the balance made up of voting, convertible non-voting and preferred shares.

Mr Cowell is to become a non-executive director of Dubilier and continues as deputy chairman. Mr Chris Bean, formerly deputy group managing director, succeeds Mr Cowell as group managing director and chief executive of Dubilier.

Saatchi's Italian talks

Saatchi and Saatchi, the leading British advertising agency, is believed to be in talks which could lead to a merger of the company's Italian subsidiary with MVL Partners, a Milan-based agency which is concentrated in the television market.

If a merger goes ahead then the new Saatchi and Saatchi Italian company would be catapulted into fifth or sixth place in the fast growing Italian market.

At present, Saatchi and Saatchi Compton, the product of the 1982 acquisition of Compton's Italian subsidiary, is the 14th largest Italian agency with 1984 billings of L53bn (£22m). Saatchi and Saatchi Compton—its clients include IBM, Proctor and Gamble and Avis—employs 90 people in its Milan and Rome offices.

MVL Partners, which was founded by Mr Robert Lasagna in 1978, last year had billings of L26bn and this year expects the total to rise to L40bn. Together the two merged companies would have 1985 billings of around L100bn (£41m). MVL's client list includes Beecham, ICI, Seat Auto, Kawasaki and the Irish Dairy Board.

Saatchi and Saatchi only entered the Italian market in 1982 when it paid US$28m to acquire full control of the American-owned Compton agency.

MY Dart

Mr Lew Cartier, a former supermarkets chief, has built up a 7.6 per cent stake in MY Dart, the manufacturer of sports equipment, packaging materials and pyrotechnics. He said yesterday *he had* no intention of bidding for the company and had bought his shares as an investment. "I regard the company as a good recovery situation," he said.

F. S. Ratcliffe

For the fifth year in succession F. S. Ratcliffe Industries, the Rochdale-based spring maker and painting contractor, has passed the interim. On turnover slightly increased by £19,000 to £815,000 *in the six months to* the end *of* October 1984, losses increased greatly to £56,000 (£4,400 loss).

The company last paid a dividend when it last made profits in 1979/80.

Cystic Fibrosis

For the year 1984 profit of the Cystic Fibrosis Research Investment Trust increased from £48,124 to £62,278, subject to tax of £18,981 (£14,316).

At the end of the year the net asset value had risen to 344.3p, compared with 308.4p a year earlier.

Dividends, deposit interest and commission came to £87,224 (£75,617), and management expenses showed a reduction to £24,946 (£27,493) including debenture interest of £14,000.

Reardon Smith in voluntary liquidation

By Alexander Nicoll

Reardon Smith Line, a Cardiff-based shipping company beset by mounting losses, falling ship values and low freight rates, is to go into voluntary liquidation.

The company's shares were suspended on Thursday at prices which valued it at about £800,000. It has not paid a dividend for three years, and had losses of £2m in the half-year ended September 30 1984 on turnover of £2.36m.

Chairman Mr Bob Chatterton, 71, said the decision was prompted by a sharp fall in ship values and the persistent weakness of freight rates. One of the company's four bulk carriers was valued at about £1.75m, he said, compared with £2.5m at the beginning of the year.

The four vessels, all on time charters which have already expired or will expire this summer, will be used as security against the company's debts. These totalled a net £7.5m to banks and others at the March 31, 1984 balance sheet, but have been reduced by the £1m sale of the company's headquarters.

A cloud hung over Reardon's long-term prospects because of the failure of Celtic Bulk Carriers, its chartering joint venture with Irish Shipping, the Irish Government-owned company allowed to fold last November.

The venture's accumulated losses total about £13m, Mr Chatterton estimated. These have built-up in a memorandum account set up by agreement with Irish Shipping, and have not been consolidated into Reardon's accounts. From March 1986, half of Reardon's profits would have gone into the account to reduce the losses. Mr Chatterton said the half-dozen ships involved are assumed to have been returned to their Hong Kong owners by Irish Shipping's liquidator.

Sir William Reardon Smith and Sons, which owns the management company running Reardon Smith Line, will continue in business as manager of seven Mexican ships and one Canadian.

Bestobell to see marked recovery

Mr Sandy Marshall, chairman of Bestobell, a specialist engineering group which suffered a sharp drop in 1984 profits, told the AGM yesterday that the company as a whole was now operating profitably and should show a marked recovery from last year's problems.

Bestobell's pre-tax profits fell from £5.13m to £471,000 last year, largely because of provisions against further potential losses on an Australian power station contract.

Mr Marshall said that the group looked forward this year "with measured optimism" to continued progress in the northern hemisphere. "In Australia it looked for a significant recovery. In South Africa it hoped that the recession had at least bottomed out, but it could not realistically expect any dramatic recovery in 1985.

Jefferson Smurfit

The Dublin-based Jefferson Smurfitt Group is paying the promised final dividend of 3.24p. This gives a total of 4.9272p for the year ended January 31 1985, compared with 3.9422p. Also proposed is a 1-for-2 scrip issue

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arbuthnot Govt. 3rd int.	2.75§	July 15	2.75	—	11
Dobson Park ......int.	1.9	Aug 16	1.9	—	5.21
Freshbake Foods‡	1.1	Aug 23	0.6	1.7	0.85
Hill Samuel	8.3	—	7.5	11.55†	10.5
Jefferson Smurfit	3.24	July 1	2.54	4.93	3.94
TR Industrial & Gen. ...	2.3	July 1	2.05	3.5	3.15
Southend Stadium	0.55	Aug 7	0.55	0.55	0.55

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross throughout—makes 8.25p (same) to date.

BASE LENDING RATES

A.B.N. Bank	12½%	C. Hoare & Co.	12½%
Allied Irish Bank	12½%	Hongkong & Shanghai	12½%
American Express Bk.	12½%	Johnson Matthey Bkrs.	13 %
Henry Ansbacher	12½%	Knowsley & Co. Ltd.	13½%
Amro Bank	12½%	Lloyds Bank	12½%
Associates Cap. Corp.	13 %	Edward Manson & Co.	13½%
Banco de Bilbao	12½%	Meghraj & Sons Ltd.	12½%
Bank Hapoalim	12½%	Midland Bank	12½%
BCCI	12½%	■ Morgan Grenfell	12½%
Bank of Ireland	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of Cyprus	12½%	National Bk. of Kuwait	12½%
Bank of India	12½%	National Girobank	12½%
Bank of Scotland	12½%	National Westminster	12½%
Banque Belge Ltd.	12½%	Northern Bank Ltd.	12½%
Barclays Bank	12½%	Norwich Gen. Trust	12½%
Beneficial Trust Ltd.	13½%	People's Trust	14 %
Brit. Bank of Mid. East	12½%	Provincial Trust Ltd.	13½%
■ Brown Shipley	12½%	R. Raphael & Sons	12½%
CL Bank Nederland	12½%	P. S. Refson	12½%
Canada Permanent	12½%	Roxburghe Guarantee	13½%
Cayzer Ltd.	12½%	Royal Bank of Scotland	12½%
Cedar Holdings	13 %	Royal Trust Co. Canada	12½%
■ Charterhouse Japhet	12½%	■ J. Henry Schroder Wagg	12½%
Choulartons**		Standard Chartered	‖12½%
Citibank NA	12½%	TCB	12½%
Citibank Savings	¶12½%	Trustee Savings Bank	12½%
Clydesdale Bank	12½%	United Bank of Kuwait	12½%
C. E. Coates & Co. Ltd.	13½%	United Mizrahi Bank	12½%
Comm. Bk. N. East	13 %	Westpac Banking Corp.	13 %
Consolidated Credits	12½%	Whiteaway Laidlaw	13½%
Co-operative Bank	*12½%	Williams & Glyn's	12½%
The Cyprus Popular Bk.	12½%	Yorkshire Bank	13½%
Dunbar & Co. Ltd.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		
■ Hill Samuel	§12½%		

■ Members of the Accepting Houses Committee.

* 7 day deposits 9½%. 1 month 10¼%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 9½% gross.

‖ 21-day deposits over £1,000 10½%.

¶ Mortgage base rate.

** See Provincial Trust Ltd.

§ Demand deposits 9½%.

Conti-Gummi buys into Semperit

BY JOHN DAVIES IN FRANKFURT

CONTINENTAL Gummi-Werke of West Germany is strengthening its position in the hard-fought European tyre industry by taking a 75 per cent stake in the tyre operations of Semperit of Austria.

The deal is the latest in a series of moves made by Conti-Gummi in recent years to become more international and consolidates its position as Europe's number two tyre group after Michelin of France.

For Semperit, the takeover comes after lengthy debate within the company and the workforce about the possible need for a strong partner to ensure its long-tarm survival. Semperit is in the middle of restructuring measures aimad at moderniaing its operations.

Contin-Gummi is paying DM 47m ($15.3m) for the stake in Semperit's tyre division but it also expects to bear some costs arising from plans already underway for a reduction in the workforce at Semperit's tyre plant at Traiskirchen near Vienna.

The remaining 25 per cent of Semperit's tyre division remains in the hands of the Semperit holding company, which is almost entirely owned by Creditanstalt Bankverein. Creditanstalt, the country's largest bank, is majority owned by the Austrian government.

The West German company made a decisive step towards becoming an international concern when it took over the European operations of Uniroyal of the U.S. in 1979. It haa also built up co-operation with other tyre companiea to gain access to markets abroad.

Its group sales rose 4.3 per cent to DM 3.53bn last year, with group net profit advancing to DM 49.3m. Tyres contributed 68 per ceot of sales.

The Semperit tyre interests, which include a factory in Dublin, Ireland, and a stake in the Yugoslavian Sava tyre concern, would boost the Conti-Gummi sales by almost DM 1bn. The Austrian company's tyre operations have been steadily reducing their losses and broke even last year.

Conti-Gummi already claims about 13 per cent of the European tyre market and expects to gain a further 3.5 to 4 per cent through Semperit.

Semperit earns about 70 per cent of tyres sales outside Austria, with West Germany amoog its important foreign markets. As a result, the deal requires the approval of the West German Cartel Office.

From Conti-Gummi's view, point, one of the advantages in the deal is Semperit's relative strength in the replacement tyre market, which is generally more profitable than the supply of tyres to vehicle manufaclurers for the original equipment market.

Krupp spells out doubts on steel merger

BY PETER BRUCE IN BOCHUM

IT IS now almost certain that the plannad merger of two major West German ateel producers, Krupp Stahl and Kloeckner-Werke, first announced last October and scheduled to take effect on July 1, will not be completed this year.

Dr Alfons Goedde, Krupp Stahl's chairman, confirmed here the project bad run into political difficulties but also revealed it is no longer legally possible to meet the July deadline.

A Krupp shareholders' meeting to approve the merger could only be called at six weeks' notice and this had not yet been posted, he said.

Dr Goedde also revealed that the two steelmakers, who would be joined in the new merged group by the Australian mining company, CRA, bad only in the past few days posted documents seeking approval for the morger (which the partners claim will require state aid worth DM 700m ($227m) to get off the ground] with the Government's auditor.

Examination of their depositions is likely to be lengthy and the plans would than still need approval from the Government itself and from Krupp and Kloeckner's bankers, who have not yet been consulted in detail on the merger.

Negotiations with the government over aid and with tha banks over transferring debt into a new operation seem likely to take up mnch of tha rest of this year, if they do not run into 1986.

Dr Goedde, echoing complaints made earlier this week by Dr Herbert Gienow, Kloeckner-Werke's chairman, warned that the fate of the merger lay with the Government. Although Bonn has persistently pressed the German steel industry to rationalisa production, it ia showing little open enthusiasm for the deal.

The merger would involve closing the integrated steel works at Georgsmarienhutte in Lower Saxony with the loss of 2,000 jobs.

State elections are scheduled for next year in Lower Saxony and the Christian Democrats (CDU), in power both in Hanover and in Bonn, have been jolted by their defeat at the bands of the Social Democrats in North Rhine Westphalia last month. Unemploymeot fears among voters played a major role in that defeat.

Dr Goedde, however, made it clear that without the closure of Georgsmarienhutte, tho merger would not go ahead. The plant's production quota would be transferred to a Krupp works under the merger terms.

For Krupp Stahl, fears about the success of the merger negotiations are streogthening at a particularly delicate time for the company.

Dr Goedde confirmed that the group had made operating profits in 1984 for the first time since 1979. Net profits bounced back to DM 23m after a 1983 loss of DM 344m. Group turnover had risen 10 per cent ta DM 6.08bn, he said.

Veba advances in first quarter

BY OUR FINANCIAL STAFF

VEBA, the energy conglomerate which is West Germany's biggest industrial company, reports modestly higher profits for the first quarter of 1985.

Sales rose by 3 per cent to DM 13bn ($4.2bn) in the three months, and pre-tax profits were DM 454m, against 452m. Net earnings improved by just under 4 per cent to DM 168m.

Earlier this year, Veba forecast a significant improvement in results for 1985 following strong growth in 1984, when net profits rose by more than half to DM 575m. Tho 1984 dividend was increased by one-fifth to DM 9 a share.

Veba said first quarter earnings continued to be marked by stable contributions to profit from its electricity-producing and chemical interests.

Electricity sales rose 3.6 per cent to DM 2.9bn and chemical sales were little changed at DM 1.4bn. Oil and petrochemical products climbed 12.1 per cent to DM 3.7bn in the quarter. The services group's first-quarter sales slipped 2.3 per cent to DM 4.6bn.

Capital spending in the three months more than doubled to DM 705m, with about 73 per cent of ontlays going into the electricity sector.

● *Begussa* sales rose 7.3 per cent to DM 5.8bn in the six months ended March, 1985. The German chemicals and precious metals company said foreign sales led the way, rising 17.3 per cent to DM 4.1bn.

Braniff out of red with $1.6m surplus

By Our Financial Staff

BRANIFF, the U.S. airline which was rescued from bankruptcy in 1984, has moved out of the red for the first quarter of its current financial year.

The company has turned a loss of $30.6m into a net profit of $1.6m for the three months ended April 1985 — with the help of a $700,000 tax credit.

The results mark the first profitable quarter for Braniff since the airline emerged from hankruptcy proceedings. The return to profit reflected cost control efforts and financial credits.

Braniff said that about $463,000 of the profit came from cash investments and $700,000 from a tax benefit. However, demand was good. Revenues jumped 70 per cent to $50.5m.

The airline moved to cut costs after it scaled down its flight schedule and took 10 of its 30 planes ont of service late last year. For the year ended January 1985, Braniff ran up a loss of $86.5m on revenue of $205.4m

In the latest quarter the percentage of scats filled rose to 72.5 per cent. The United Airlines strike has helped boost load factor in recent weeks.

Wella expects higher 1985 earnings

By Our Financial Staff

WELLA, the family-owned West German hair care group, expects higher profits for 1985 following gains of around 10 per cent at the pre-tax level for the first quarter.

The group, which took a stock market listing in 1983, has increased first quarter salea by 10.5 per cent to DM 407m ($132m) and pushed pre-tax profits ahead by a similar margin to DM 37m.

Turnover and profit for the full year was expected to rise from 1984 levels, although growth rates were likely to slow

For 1984 group after-tax profit rose to DM 68m from DM 58.2m.

Black & Decker payroll cut as orders stay soft

BY TERRY DODSWORTH IN NEW YORK

BLACK & DECKER, the U.S. power tools and household appliances group, is to cut its workforce by 750 people and is forecasting lower-than-expected earnings in the third quarter, as a result of "uncertain conditions."

The Maryland-based group, which made net profits of $24.5m last year on sales of $1.5bn, said that factory orders in both the U.S. and Europe bad continued to be soft. Consequently, earnings in the third quarter ending in June would be substantially lower than forecast.

Earlier this year, the company predicted that its third-quarter profits would be better than tho 29 cents a share reported for the second quarter, hut not as high as the 43 cents reported in the third quarter of 1984. In the year-ago quarter, the company bad net income of $21.1m oo sales of $373m.

Mr Laurence Farley, president, attributed hte decline in sales in the U.S. to a policy change at larger customers, who were moving to operate with lower inventories. In Europe, he said, competitive conditions were persisting and profitability was also eroding.

The company, which expanded its activities sharply a year ago with the acquision of General Electric's small appliance business, gave no forecast of earnings for the next two quarters.

JAL restores dividend as profit soars

By Yoko Shibata in Tokyo

JAPAN Air Lioes (JAL), tha country's international carrier in which the Government owns 37.7 per cent, produced a 5½-fold surge in pre-tax profits for the year to March, aided by the general economic recovery and stability in fuel costs.

Parent company taxable earnings emerged at Y22.51bn ($89m) against Y4.03bn, on revenue of Y827bn compared with Y756bn. At the net level, the previous year's losses of Y6.42bn were transformed into profits of Y7.18bn. The dividend is being restored to Y40 — the first time any payout has heen made since 1982.

Traffic volume rose some 10 per cent overall. For passenger traffic, domestic routes showed an 8.5 per cent gain

JAL plans to combat the challenge to its freight bookings from the fledgling Nippon Cargo Airways by bringing larger aircraft on to its more viable international roules.

Perth casino shares debut is a winner

BY KEITH WHEATLEY IN PERTH

FIRST-DAY trading of shares in Perth's casino project, the fonndations of which were laid only a month ago, valned the company at A$220m (U.S.$146m)—at which level it ranks second only to Mr Robert Holmes à Court's Bell Group in the market capitalisation league of West Australia-based companies.

In comparison, Bond Corporation Holdings, with interests from brewing to television stations, is worth only A$130m on the market.

Shares in Burswood Property Trust, the development trust for the casino and hotel complex named after the island site in the Swan River, sold yesterday at prices ranging from 68 cents to 80 cents.

Some 13m shares were traded, as well as 4m options, when the shares were offered to the West Australian pnblic last month they were 60 per cent oversubscribed by the first day.

Plans to reserve a minority for investors from Australia's eastern states had to be abandoned. Much of tho buying yesterday was from institutions in Sydney and Melbourne left out in the initial rush.

Mr Dallas Dempster, the local entreprenenr who is chairman of Burswood's management company, saw his 27.2 per eent holding valned at A$59.5m, representing an A$29m notional profit on bis investment. Tho same holds for Genting, the Malaysian gronp, which is his equal partner in the scheme.

The A$210m complex—the biggest building project in Australia after the new federal parliament in Canberra—is on schedule for a late 1986 opening, ahead of the America's Cup yachting series to be beld there the following year.

After a day of frantic profit-taking on the market, Mr Dempster said: "I can assure investors that neither my family company nor Genting have any intention of selling out any of our respective holdings in the near future."

Strong upturn by Japan's steel producers

BY CARLA RAPOPORT IN TOKYO

JAPAN'S largest steelmakers yesterday reported sharp turnrounds in profitability for the year ended last March, thanks largely to the marked recovery in demand in the domestic market.

Nippon Steel, the world's largest steelmaker, boosted pre-tax profits to Y90.8bn ($361m) compared with just Y5.8bn the year earlier. Sales were up by 7.5 per cent to Y2,860bn.

It said that although demand for its products was bouyed by the strong export performance of Japanese companies in the year, largely to the U.S, "Domestic steel demand was firm in the automotive and electric machienry industries and showed a recovery in the construction industry." Further, sizeable orders from China kept steel exports steady in the year.

Nippon Kokan, Japan's second largest steel company, also showed a strong recovery at the pre-tax level, with a Y12.3bn loss in 1984 turned to a Y37.6bn pre-tax profit in the year just ended. Sales were up by nearly 11 per cent, with operating profits more than doubled to Y134bn.

The group's heavy borrowings took its toll on profits, however, with not interst payments of nearly Y100bn eating up nearly 72 per cent of tho group's operating income.

Kobe Steel, Kawasaki Steel, and Sumitomo Metal Industries, which vie for the spot of third-ranking steel company, showed sharp profits improvements as well.

Kawasaki said a large proportion of its improvement came from the mainstream business of steelmaking, where shipments increased 5.8 per cent to 10.45m tonnes from the 9.88m tons a year earlier. Steel product prices averaging $390 per tonne were up 3.4 per cent from the year earlier average.

Kawasaki officials said that, by comparison, the year-to-year increase in export sales was rather lacklustre at 3.5 per cent against a 10.3 per ceut advance a year earlier. Export prices, bowever, were generally higher in dollar terms and the weak yen helped buoy the yen value of the sales made ahroad. The export radio of total sales slipped to 38 per cent from 38.9 per cent. Despite these improvements, however, none of the steel majors managed to boost profits back to the peaks achieved in the year to March 1981. Structural overcapacity and increasing imports of steel into Japan, according to the steel companies, will make the prospect of achieving these peaks again extremely difficult.

JAPANESE STEELMAKERS

Parent company results, year to March 1985 (March 1984) Ybn

	Sales		Pre-tax profits		Net profits	
Nippon Steel	2,860	(2,660)	35.24	(−11.56)	22.19	(−11.75)
Nippon Kokan	1,501	(1,354)	90.81	(5.85)	41.59	(3.00)
Kobe Steel	1,239	(1,251)	37.58	(−12.26)	19.57	(−11.07)
Kawasaki Steel	1,221	(1,092)	26.42	(−6.91)	12.02	(−5.96)
Sumitomo Metal Inds	1,197	(1,077)	43.24	(2.52)	20.39	(0.82)

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WORLD STOCK MARKETS

WALL STREET

Dow breaks record territory

THE STOCK MARKET shrugged off a barrage of negative economic reports and, after recovering from early losses, Wall Street pushed into record territory yesterday.

After opening 1.68 off at 1304.10, the Dow Jones Industrial Average moved up to an all-time record of 1313.17 by 1 pm, a rise of 7.39 on the day, 11.20 on the holiday-shortened week and 3.47 above its previous record of 1309.70 of May 21 last. The NYSE All Common index, at $109.40, gained 67 cents on the day and 53 cents on the week. Advances led declines by a three-to-two ratio in a volume of 96.46m shares.

Transportation issues also advanced, pushing the average up $.12 to 637.77—2.47 above its March 1 record.

Among the negative reports ignored by investors, the M1 money supply increased $4.5bn in the latest week according to figures released late Thursday. New reports showed the merchandise trade deficit increasing in April and durable goods orders and factory orders declining.

"One has to feel pretty good, especially in view of the unexpected jump in money supply, that the market is handling itself pretty well," said Chester Pado of A.C. Securities, Los Angeles.

Pado expects lower interest rates to drive stocks higher after a brief period of consolidation.

Buying interest centred on a wide variety of stocks subject to takeover and restructuring rumours.

Long Island Lighting led the actives, jumping $1⅛ to $8⅝, on news of an agreement with local officials to resolve a dispute over the Shoreham nuclear plant.

Gulf and Western was second, up $1½ to $35½.

Black and Decker fell $2¼ to $20½ after saying third-quarter results would be substantially lower than previous estimates.

Gulfstream Aerospace advanced $2½ to $17⅞—it is holding talks with Chrysler about a merger for $19 a share in cash. Chrysler shed $¼ to $36¼.

UAL moved up $2⅛ to $51⅞—an analyst at First Boston Company upgraded his recommendation to a "strong buy."

Prices were higher in active trading of American Stock Exchange issues. Wang Laboratories Class B was up $¼ to $17½ in active trading.

Nabisco further advanced 2¼ to $83 on merger prospects.

IBM stiffened $¼ to $128½—it expects second-quarter earnings to be slightly lower.

THE AMERICAN SE Market Value index gained 0.85 to 251.15, in a volume of 5.36m shares.

CANADA

A firm trend prevailed at midsession, when the Toronto Composite index was up 0.6 at 2,729.2.

The Metals and Minerals index put on 1.3 to 1,985.8 and Oil and Gas 2.8 to 3,428.4, while Golds rose 20.5 to 3,716.5.

Among actives, Inco eased $⅛ to $19⅛—its Ontario workers ratified a three-year contract linking wage increases to nickel prices.

Abitibi-Price hardened $⅛ to $15⅞ after losing $⅛ Thursday when it deferred a stock issue amid speculation it may be involved in Olympia and York's bid for Gulf Canada.

Dylex gained another $¼ to $44⅞ on its stock split, higher earnings and an increased dividend.

Husky Oil firmed $⅛ to $11⅝ on a raised dividend and moving to quarterly payments.

TOKYO

Profit-takers prevented the index from bouncing up to a new record level.

The Nikkei Stock Average had achieved historical closing highs during the past three sessions, but slipped 31.81 to 12,758.46 yesterday.

Recent winners in the Railway, Real Estate and Trading House sectors were pulled down by profit-taking, while Electricals, which haven't had a favourable day for some time, continued to be sold off.

In heavy trading, losers outpaced gainers 433-to-373. First-section turnover 680m (700m) shares.

The Nikkei Average tried to race upward in the morning, but that stirred up fear in the market that stock prices were moving too high, a broker said. The index quickly moved down as buyers were overwhelmed by sellers.

Another broker said that dealers were clearing out their positions that they built up during the week. With hectic trading for the past three days, portfolios needed to be organised.

Turnover on Wednesday had surged to about 1.2bn shares, falling just a little short of its historical high of 1.385bn shares on April 8 1981.

Among Electricals, which took a major beating, Tokyo Electron and Kyocera were sold on jitters that growth for semiconductors will level off, a broker said. Tokyo Electron specialises in machinery for semiconductor production and Kyocera is a leading maker of ceramic packaging for semiconductors. Both stocks ended on the list of top ten losers.

Pioneer, also on the list, tumbled Y100 to 1,690. Rumours have spread that the audio maker is having management problems.

Bearing, Machine-Tool, Banking, Ship-Building, Ocean-Transport and Land-Transport shares also had rough sailing, while Construction, Electric-Power and Chemical stocks sipped smoothly ahead.

HONG KONG

Share prices closed off their lows as a spate of buying emerged in late trading after strong selling pressure which continued well into the afternoon.

Brokers said they are finding it difficult to discern a trend in the market although some said there appears to be room for upward movement.

The Hang Seng index was down at 1,613.87 after about 11 points at the morning close. Turnover HK$[illegible] compared with HK$388.37m.

SINGAPORE

Share prices fell across the board. But selling pressure was light, as institutions and individual investors shunned the market ahead of the three-day holiday weekend.

The Straits Times index shed 4.75 points to 812.41 and the All-Shares index 0.96 to 287.90. Declines outpaced advances 97-to-29. Volume 7.6m (5.1m) shares.

The beginning of the new Settlement month boosted turnover, but dealers said much of the increased volume appeared in highly speculative stocks. One exception was Lee Kim Tah, up 2 cents at $51.53, which accounted for more than 8 per cent of total volume.

AUSTRALIA

Prices recovered from their lowest levels earlier in the day to close mixed in moderate trading.

Traders said the afternoon recovery was linked to end-of-the-month institutional buying and some bargain-hunting by International investors as the Australian dollar declined.

The All Ordinaries index shed 1.2 to 873.4, the All Resources 2.9 to 585.4 but All Industrials added 1.1 at 1,243.2.

The Gold index, which broke through the 1,000 barrier for the first time on Monday last week, dropped 15.6 yesterday to 898.1.

Volume 70m (60.1m) shares, valued at A$80.2m (A$78.5m). Declines outnumbered gains 212 to 175.

Brokers said the bearish trend in the past week was more than a technical correction and markets may test 850 before consolidating.

Broken Hill Proprietary, off 2 cents at A$6.24, and Shell Australia continued to gain ground in their joint takeover bid for Woodside Petroleum, unchanged at A$1.60, the bid price which ends June 4. The two companies now hold more than 65 per cent of Woodside's shares.

Closing prices for North America were not available for this edition.

NEW YORK

[illegible]

NEW YORK Indices

[illegible]

STANDARD AND POOR'S

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CANADA

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases

The dollar finished below the day's best levels yesterday in veryt hin trading. There was little incentive to open new positions ahead of the week and month end and U.S. economic statistics released during the day failed to make much impact on the dollar. However, a 0.5 per cent fall in U.S. factory orders tended to reinforce market sentiment that the U.S. economy was in danger of slowing significantly unless interest rates fall in tha near future.

The dollar closed at DM 3.0565 from DM 3.0800, having been as high as DM 3.0960 at one point. Elsewhere it slipped to Sw Fr 2.5725 from SwFr 2.5975 and FFr 9.32 compared with FFr 9.3850. Against the yen it slipped to Y251.15 from Y251.50.

On Bank of England figures, the dollar's index fell to 145.3 from 146.0.

Sterling closed at its best level of the day helped by high interest rates. Its index finished at 890.3 its highest level for a year and up from 79.9 on Thursday. Against tha D-mark it rose to DM 3.9325 from DM 3.9250 and $1.2865 from $1.2745.

£ IN NEW YORK

	May 31	Prev. close
£ Spot	$1.2868-1.2878	$1.1750 1.2760
1 month	0.54-0.52 pm	0.52-0.50 pm
3 months	1.48-1.44 pm	1.48-1.40 pm
12 months	3.96-3.85 pm	3.97-3.90 pm

Forward premiums and discounts apply to the U.S. dollar.

OTHER CURRENCIES

May 21	£	$		£ Note Rates
Argentina Peso	750.30-756.60	093.55 594.15	Austria	27.60-27.80
Australia Dollar	1.8245-1.8265	1.5070-1.5095	Belgium	79.15-79.95
Brazil Cruzeiro	8,947-5,279	5,460-0,480	Denmark	14.07-14.21
Finland Markka	8.1985 8.2335	6.4120 9.4145	France	11.93-12.0 6
Greek Drachma	171.74-175.45	134.79-157.01	Germany	3.91¼-3.94¾
HongKong Dollar	10.0088 10.0108	7.7710-7.7730	Italy	9496-2530
Iran Rial	115.50*	92.50*	Japan	320-324
KuwaitDinar(KD)	0.3902 0.3910	0.30300 0.30315	Netherlands	4.41½-4.48⅞
Luxembourg Fr	78.65-78.75	61.60-61 60	Norway	11.25-11.39
Malaysia Dollar	3.1660-3.1710	2.4638 2.4666	Portugal	216-220
New Zealand Dlr.	2.8405 2.8485	2.2140 2.2190	Spain	216-920
Saudi Arab Riyal	4.6491-4.6569	3.6090 3.6100	Sweden	11.31 11.42
Singapore Dollar	2.8070 2.8620	2.2210-2.2245	Switzerland	3.30-3.33
Sth African Rand	2.5529 2.5660	1.9900-1.9940	United States	1.20⅞-1.28⅛
U.A.E. Dirham	4.7288 4.7381	3.6720-3.0750	Yugoslavia	325-360

* Selling rate.

EXCHANGE CROSS RATES

May 30	Pound St'rling	U.S. Dollar	Deutschem'k	J'paneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.287	3.933	323.0	18.01	4.315	4.435	9512.	1.757	78.70
U.S. Dollar	0.777	1.	3.057	251.5	2.320	2.573	6.451	1952.	1.373	61.55
Deutschemark	0.254	0.327	1.	82.14	3.063	0.843	1.128	638.7	0.449	20.01
Japanese Yen 1,000	6.096	3.983	18.17	1000.	37.17	10.26	13.75	7776.	5.471	245.7
French Franc 10	0.833	1.071	3.275	269.0	10.	2.761	3.694	2098.	1.472	06.64
Swiss Franc	0.302	0.386	1.186	97.44	3.622	1.	1.338	767.0	0.533	23.74
Dutch Guilder	0.225	0.290	0.887	72.85	2.707	0.747	1.	560.5	0.398	17.75
Italian Lire 1000	0.398	0.512	1.066	128.6	4.781	1.320	1.766	1000.	0.704	01.34
Canadian Dollar	0.566	0.728	2.288	182.8	6.795	1.875	9.510	1491.	1.	44.54
Belgian Franc 100	1.271	1.635	4.997	410.4	10.26	4.812	0.635	5181.	2.245	100.

STERLING INDEX

	May 31	Previous			
8.30 am	80.0	79.2	Noon	80.0	79.2
9.00 am	80.1	79.1	1.00 pm	80.0	79.2
10.00 am	80.0	79.2	2.00 pm	80.0	79.2
11.00 am	80.0	79.2	3.00 pm	80.0	79.2
			4.00 pm	80.3	79.3

POUND SPOT—FORWARD AGAINST POUND

May 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2650-1.2900	1.2860-1.2870	0.54-0.51c pm	4.90	1.50-1.45pm	4.59
Canada	1.7496-1.7696	1.7645-1.7695	0.48-0.39c pm	2.95	1.30-1.16 pm	2.78
Nethlnd.	4.42½-4.44½	4.43-4.44	2-1⅞c pm	5.24	6¾-6 pm	5.47
Belgium	79.65-79.36	79.55-79.75	26-21c pm	3.58	74-65pm	3.53
Denmark	14.11-14.24	14.23-14.24	4½-4¼ore pm	3.79	12¾-11¼pm	3.41
Ireland	1.2531-1.2584	1.2565-1.2575	0.08p pm-0.06ds	−0.14	.36pm-.07dis	−.46
W. Ger.	3.92-3.95	3.92¾-3.93¾	2½-2¼pf pm	7.06	6¾-6½ pm	6.74
Portugal	220-225½	220½-224½	95-420c dis	−13.89	300-1195ds	−13.44
Spain	222¼-223¾	222¾-223¼	5c pm-10 dis	−0.13	35-63 dis	−0.90
Italy	2,502-2,517½	2,511-2,512	par-3lire dis	−0.72	3-7 dis	−0.80
Norway	11.28¾-11.37½	11.36½-11.37½	par-¼ore dis	−0.40	par-⅞dis	−0.15
France	11.98-12.04¾	12.00¾-12.01¾	2½-2¼c pm	2.31	6½-5¼ pm	2.04
Sweden	11.31-11.38	11.31-11.32	3¾-3⅞ore dis	−3.78	10½-10⅞dis	−3.71
Japan	320½-323¾	322½-323½	1.76-1.61c pm	6.26	4.98-4.78pm	6.04
Austria	27.56-27.70	27.63-27.70	15¾-13¾gro pm	6.29	42½-38¾ pm	5.67
Switz.	3.30½-3.32½	3.31-3.32	2½-2c pm	7.47	6-5⅞pm	7.16

Belgian rate is for convertible francs. Financial franc 80.30-80.40. Six-month forward dollar 2.64-2.59c pm. 12-month 4.05-3.90c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2650-1.2900	1.2850-1.2870	0.54-0.61c pm	4.90	1.50-1.45pm	4.59
Ireland†	1.0100-1.0260	1.0235-1.0245	0.44-0.34c pm	4.62	1.20-0.90pm	4.14
Canada	1.3740-1.3777	1.3740-1.3750	0.21-0.24c dis	−1.94	0.60-0.65dis	−1.81
Nethlnd.	3.4320-3.4900	3.4505-3.4515	0.15-0.12c pm	0.47	0.79-0.75 pm	0.89
Belgium	61.50-62.30	61.50-61.60	8-7c dis	−1.25	15-17 dis	−1.03
Denmark	10.96½-11.12¾	11.05¾-11.06¼	1-1½ore dis	−1.35	2¾-3¼dis	−1.08
W. Ger.	3.0475-3.0960	3.0560-3.0570	0.57-0.52pf pm	2.12	1.75-1.70pm	2.23
Portugal	174½-177	175-177	150-400c dis	−19.88	450-1150ds	−18.31
Spain	172¾-175¾	173½-174	82-92c dis	−6.97	260-285dis	−6.23
Italy	1,951-1,975	1,951-1,952	9-9½lire dis	−6.62	25½-27dis	−3.40
Norway	8.83½-8.87¾	8.83½-8.63¾	4-4½ore dis	−6.75	10½-11dis	−4.85
France	6.31½-9.43¼	9.31½-9.32¾	1.90-2.00c dis	−2.49	3.80-6.10dis	−2.53
Sweden	8.79¾-8.93	8.79¾-7.79¾	9½-7ore dis	−6.08	18½-19dis	−8.41
Japan	250.95-252.05	251.10-251.20	0.31-0.27y pm	1.38	0.97-0.92pm	1.50
Austria	21.50-21.76	21.50-21.60	2.80-2.00gro pm	1.33	8.00-5.50pm	1.24
Switz.	2.5600-2.5130	2.5720-2.5730	0.61-0.58c pm	2.69	1.76-1.70 pm	2.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.40-62.50.

MONEY MARKETS

Little change

Interest rates were little changed in London yesterday in very quiet trading. Three-month interbank money was quoted at 12¾ per cent compared with 12 11/16 per cent while three-month eligible bank bills were bid at 11 13/16 per cent from 11 31/32 per cent. Weekend interbank money opened at 12¾-12⅞ per cent and touched a high of 13 per cent before easing to 10 per cent.

The Bank of England forecast a shortage of around £1,400m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £590m and the unwinding of previous sale and repurchase agreements a further £256m. There was also a shortfall of £400m caused by maturing gilt/export credit facilities exceeding the renewed offering by £400m. The latter commanded a rate of 12 13/16 per cent. In addition banks brought forward balances £35m below target and there was a rise in the note circulation of £250m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £41m and comprised purchases of £11m of eligible bank bills in band 1 (up to 14 days) at 12⅞ per cent and £30m in band 2 (15-33 days) at 12¾ per cent. Further help was given in the morning of £1,137m and this comprised purchases of £8m of local authority bills and £3m of eligible bank bills in band 1 at 12⅞ per cent and in band 2, £1m of local authority bills and £215m of eligible bank bills at 12¾ per cent. It also arranged sale and repurchase agreements on £910m of bills at 12¾ per cent, unwinding in equal amounts on June 26 and 27.

The forecast was later revised to a shortage of around £1,350m before taking into account the early help and the Bank gave additional assistance in the afternoon of £210m through purchases of eligible bank bills in band 2 at 12¾ per cent. Late assistance came to £40m, making a total of £1,428m.

UK clearing banks base lending rate 12¾-12⅞ per cent since April 19.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

May 31 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-13	12⅝	11⅛-12⅛	8-12½	—	—	—	—	—
2 days notice	—	—	12⅝-12⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-12⅞	12⅝-12¾	13⅛	12⅝	—	—	—	—	—
One month	12⅞-12¾	12¾-12⅞	12⅞	13⅛	12⅞	12¼	12 7/16	12 9/16	12¾	12 15/16
Two months	12 9/16-12 7/16	12¾-12⅞	12⅝	13⅛	12⅞	12⅛	12	12 11/16	12 9/16	12¾
Three months	12 9/16-12 7/16	12⅝-12¾	12⅝	13⅛	13⅛	11 13/16	11⅞	11 15/16	11⅞	12 9/16
Six months	12½-12⅜	12 7/16-12 9/16	—	—	—	—	—	11 9/16	11½	12 5/16
Nine months	—	12⅜-12½	—	—	—	—	—	—	—	—
One year	11⅞-11¾	12⅛-12¼	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-13	—	12¾	7.5-7.6	7 7/16-7 11/16	9 1/16-9 3/16
Two months	13⅛-13	—	12 13/16	7.6-7.70	7 9/16-7 11/16	9⅜-9½
Three months	13 1/16-12 13/16	—	12⅝	7.65-7.75	7 11/16-8 1/16	9⅜-9½
Six months	12 11/16-12 7/16	—	12⅛	7.8-7.9	7 13/16-8⅛	9 1/16-9⅜
Nine months	12 9/16-12 7/16	—	12 1/16	8.2-8.3	—	—
One year	12 7/16-12 5/16	—	12⅛	9.55-8.45	8¼-8½	9 7/16-9 11/16
Two years	—	11⅝	—	—	—	—
Three years	—	11½	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period April 3 to May 7 (inclusive): 12.767 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-13½ per cent. Bank Deposit Rates for sums at seven days' notice 9.65-7.25 per cent (net). Treasury Bills: Average tender rate of discount 11.8013 per cent. Certificates of Tax Deposit (Series 8): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12⅜ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from May 14. Deposits held under Series 5 12¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 31)

3 months U.S. dollars

bid 7 5/4	offer 7 7/8

6 months U.S. dollars

bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12¾	7½-7⅝	10-10⅛	7⅞-7⅝	1¼-1¾	5⅝-5¾	10 1/16-10 3/16	12⅛-13½	9-9¼	9-9¼	6⅝-6¾	8⅛-9⅝
7 days' notice	12⅝-12¾	7⅝-7¾	10-10⅛	7⅛-7⅜	2⅞-2¾	5⅝-5¾	10 1/16-10 3/16	12¾-14¼	9-9¼	9-9¼	6 5/16-6⅜	9⅛-9⅜
Month	12⅝-12¾	7 5/16-7 7/16	10-10⅛	7 1/16-7 3/16	5⅛-5¼	5½-5⅝	10⅛-10¼	13-13½	8⅞-9⅛	8⅞-9⅛	6 5/16-6 7/16	8-9½
Three months	12 7/16-12 9/16	7 11/16-7 13/16	10⅛-10¼	6 15/16-7 1/16	6⅛-6¼	5½-5⅝	10⅝-10⅝	13-13½	8⅞-9⅛	8⅞-9⅛	6 5/16-6⅝	8⅞-9⅜
Six months	12¼-12⅝	7 13/16-8 1/16	10¼-10⅜	6 11/16-6 13/16	[illegible]	5⅝-6	10⅜-10⅛	13⅛-13½	8-9¼	9-9¼	6 5/16-6½	8-8¼
One year	12 1/16-12 3/16	8 1/16-8 3/16	10¼-10⅜	[illegible]	[illegible]	[illegible]	10⅝-10⅞	13⅛-13½	9-9¼	9-9¼	6¼-6½	8¾-9⅛

Asian $ (closing rates in Singapore): Short-term 7½-7⅝ per cent; seven days 7½-7⅝ per cent; one month 7½-7⅝ per cent; three months 7⅝-7¾ per cent; six months 8-8¼ per cent; one year 8½-8⅝ per cent. Long-term Eurodollars: two years 9½-9¾ per cent; three years 9¾-10⅛ per cent; four years 10¼-10⅜ per cent; five years 10½-10¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Market c.i.f.	$1180/1210	−50	$1390/1420	$1180/1210	$1085/1110
Antimony					
Free Market 99.6%	$2700/2850		$3360/3400	$3675/3150	$2655/2650
Copper-Cash High Grade	£1221.5	−63	£1026.5	£1333	£1134.25
3 months Do. Do.	£1225.5	−63	£1044.25	£1351.75	£1141.8
Gold per oz	$315	+1.25	$393.75	$333	$299.75
Lead Cash	£290.75	−3	£387.5	£387.5	£290.5
3 months	£299.25	−5	£327.75	£355.5	£295.25
Nickel					
Free Markets c.i.f. lb.	248/298c		215/235c	280/285c	215/245c
Palladium per oz	$99.00	−3.75	$155.00	$129.00	$97.60
Platinum per oz	$256.75	−1.35	$393.00	$301.25	$244.25
Quicksilver (76 lbs)	$290/300	−10	$290/305	$300/310	$290/300
Silver per oz	477.80p	−6.90	073.60p	075.90p	477.80p
3 months per oz	489.00p	−7.30	686.00p	638.00p	482.00p
Tin cash	£9480.5	−112.5	£9072.5	£10,227.5	£9280.5
3 months	£9450.5	−100	£9010.5	£10,252.5	£9225.5
Tungsten Ind	$79.05		$84.93	$80.35	$74.35
Wolfram (22.04 lb.)	$61/65	−1.5	$85/89	$75/78	$61/60
Zinc cash	£596.5	−35.5	£797.5	£854.5	£596.5
3 months	£607.5	−35	£690.25	£854.5	£607.5
Producers	$930		$1,054/1,080	$960	$930
GRAINS					
Barley Futures	£98.25t	−0.65	£107.55	£117.40	£98.40
Maize French	£149.50		£151.60	£152.20	£146.50
WHEAT Futures	£98.75t	−0.95	£108.10	£124.65	£98.60
SPICES					
Cloves	$3,250		$4,900	$4,800	$3,250
Pepper white	$5,800		$5,300	$6,000	$5,800
black	$3,900	+125	$1,050	$3,800	$3,150
OILS					
Coconut (Philippines)	$635	−35	$1,460	$855	$625
Palm Malayan	$550x	−30	$970	$700	$555
SEEDS					
Copra (Philippines)	$390v		$955	$575	$390
Soyabeans (U.S.)	$237.5		$338.5	$255.4	$231
OTHER COMMODITIES					
Cocoa Futures July	£1741.5	−55.0	£2015	£2,066.5	£1741.5
Coffee Futures July	£20934	−60.0	£2326.0	£2,427	£2027.5
Cotton Index	64.00c	−0.45	86.30c	71.95c	64.00c
Des. Coconut	£935	—	£1140	£1,850	£940
Gas Oil Fut. July	$217.20	−1.20	$253	$235.5	$213.70
Jute LJA BWC grade	$740	−10	$500	$945	$740
Rubber kilo	63p	—	67p	70p	62p
Sisal No. 3L	$640	—	$560/570	$670	$620
Sugar (Raw)	$89vw	−2	£109.5	$122.5	$83
Tea (quality) kilo	†	—	†	340p	195p
(low med) kilo	†	—	†	255p	115p
Wooltops 64s Super	468p kilo	−5	468p kilo	520p kilo	463p kilo

† Unquoted. (g) Madagascar. (x) June. (v) May-June. (w) July. (t) Sept.

OIL

In thinner trading Brent prices fell 15c from Thursday's high. Nymex opened unchanged for July and traded 9c down at 1 pm EST. In the petroleum products market gas oil remained stable in a directionless market. The only identified buyers of high sulphur fuel were bunker companies and a handful of refiners with specific requirements. Supply remains good, and prices fell accordingly—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	26.80 26.85	—
Arab Heavy	26.20 26.30	+0.10
Dubai	26.80-26.85	−0.195
Brent Blend	27.15 27.16	−0.025
W.T.I. (1pm est)	27.70-27.80*	−0.10
Forcados (Nigeria)	26.68-26.75	+0.10
Urals (cif NWE)	26.86-26.25	−0.05
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	987-289	−1
Gas Oil	217.5-218.5	—
Heavy fuel oil	126-129	−3.5

* July

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
June	219.70	+0.75	220.00-19.50
July	217.25	—	218.00-17.00
Aug	219.25	−0.50	220.25-19.00
Sep	221.50	+0.25	221.50
Oct	229.50	−0.50	—
Nov	220.00	−0.75	—

GOLD

Gold rose $1¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $315¾-316¼. The metal opened at $312½-313 and traded between a high of $319-319½ and a low of $312½-313. Trading was extremely dull and featureless ahead of the week and month end with no fresh factors to influence trading.

GOLD BULLION (fine ounce) May 31

Close	$315¾-316¼	(£245⅛-245⅜)
Opening	$312½-313	(£245⅛-245⅜)
M'n'g fix	$315.15	(£245.916)
Aft'n'n fix	$314.00	(£246.062)

GOLD AND PLATINUM COINS

Kr'g'rnd	$325¼-326	(£253-253¾)
½ Krug.	$167¼-168¼	(£130¼-130¾)
¼ Krug.	$85¼-86	(£66¼-66¾)
1/10 Krug.	$35¾-35¼	(£27-27¾)
Mapleleaf	$325¼-326	(£253-253¾)
New Sov.	$74½-75¼	(£58¾-58¾)
½ New Sov.	$45-46¼	(£35-35½)
Old Sov.	$76-77¼	(£59-60¼)
$20 Eagle	$460-490	(£250-381)
Noble Plat	$275¼-278¾	(£214-216½)

INDICES

FINANCIAL TIMES

May 30	May 28	M'th ago	Year ago
280.14	282.62	296.84	312.45

(Base: July 1 1952 = 100)

REUTERS

May 31	May 30	M'th ago	Year ago
1799.3	1806.2*	1804.5	1974.2

*Corrected

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.8	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 30	May 29	Month ago	Year ago
Spot	117.63	118.23	—	141.70
Fut.	119.44	120.27	—	140.80

(Base: December 31 1974 = 100)

REVIEW OF THE WEEK

London Copper price sharply lower

HEAVY SPECULATIVE selling pushed Copper values on the London Metal Exchange sharply lower yesterday triggering the operation of stop-loss sales orders and the cash high grade position ended £37 down on the day and £63 down on the week at £1,221.50 a tonnes.

The earlier fall had been influenced by the continuing rise of sterling against the U.S. dollar, a further increase in London Metal Exchange warehouse stocks last week and bearish chart patterns. These factors were sufficient o counteract the influence of the persistent tightness of nearby supplies, which limited the premium of the three months position over cash price to £5 a tonne.

Yesterday the copper market began on a firmer note, reflecting sterling's easier early tone and profit-taking purchases. But prices fell back in the afternoon as the pound resumed its upward course.

Othe LME base metals were also lower on the week, mainly because of sterling's strength.

Despite support buying by the International Tin Agreement buffer stock manager cash standard tin ended £112.50 down at £9,480 a tonne, while cash lead finished a basically quiet week £3.50 lower at £290.75 a tonne.

Bigger falls were registered in the zinc and aluminium markets.

Speculative selling pushed cash zinc to a 7-month low of £596.50 a tonne, down £35.50 on the week, and with charts and fundamental factors still suggesting further falls may be on the cards some dealers thought further cuts in European producer prices may be necessary. Despite a recent general move down from $960 to $930 a tonne producer prices remain more than $100 a tonne above the LME level.

The cash aluminium price ended the week £51 down at a 7-month lo wof £818.50 a tonne after falling £22 yesterday. The fall was influenced by currency and chart factors plus stop-loss selling by disappointed bulls, dealers said.

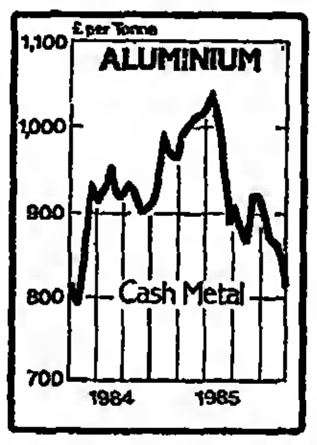
The soft commodity markets were again dominated by currency factors this week.

July delivery cocoa futures ended at £1,741.50 a tonne, down £55.50 on the week. Apart from the pound's strength this fall, which took the market to its lowest level for seven months, was influenced by a weaker trend in the New York market, lack of industry buying interest and the continuing bearish effect of supply/demand indications.

The coffee market displayed a similar pattern, and for much the same reasons. The July futures quotation ended £60.50 down on the week at £2,034 a tonne.

At the International Coffee Organisation's London headquarters meanwhile delegates said the organisation's executive board will give closer examination to the problem of cut-priced exports to non-member consuming countries at its end-June meeting.

But they warned that there was no simple solution



ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	818.9	−89	—
3 months	839.0	−40.245	800.0/838

Official closing (am): Cash 826-7 (830.5-1); three months 848.5-7 (854-.5); settlement 827 (831). Final Kerb Close: 848. Turnover: 17,600 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/Low
Cash	1121-2	−37	1158/1142
Three months	1126-7	−39	1158/1187
Cathodes			
Cash	1117-8	−30	1145
Three months	1117-8	−37.5	—

Official closing (am): Cash 1149.50 (1158-.5); three months 1164-5 (1162-3); settlement 1150 (1158.5). Final Kerb Close: 1134-35.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	290.5-1	−1.80	281.6/290.5
3 months	298-9	−1.5	299/297

Official closing (am): Cash 291-2 (290-1); three months 298.5-9 (297-8); settlement 292 (291). Final kerb close: 298-9. Turnover: 4,200 tonnes. U.S. Spot: 20-21 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	4330-40	−57	4405/4350
3 months	4312-5	−37.0	4445/4380

Official closing (am): Cash 4400-5 (4405-10); three months 4375-80 (4390-5); settlement 4405 (4410). Final Kerb Close: 4375-80. Turnover: 1,798 tonnes.

TIN

High grade	Unofficial close (p.m.)	+ or −	High/low for day
Cash	9475-85	−50.5	9548/9548
3 months	9460-5	−57.5	—
Standard			
Cash	9475-85	−50.5	9545/9549
3 months	9450-1	−52	9520/9445

Official closing (am): Cash 9547-50 (9535-40); three months 9510-5 (9450-500); settlement 9450 (9540).

STANDARD Official closing (am): Cash 9542-3 (9535-40); three months 9510-1 (9460-1); settlement 9543 (9540). Final Kerb Close: 9440-50. Turnover: 2,220 tonnes. Straits tin $m29.29 (29.27) kilo.

ZINC

	Official close (p.m.) £ per tonne	+ or −	High/low
Cash	596.8	−11	602
3 months	507-8	−8	618/605

Official closing (am): Cash 601-2 (601-2); three months 612-3 (609-10); settlement 602 (603). Final Kerb Close: 610-1. Turnover: 14,800 tonnes. U.S. Prime Western: 45.50-47.60 cents per pound.

SILVER

Silver was fixed 4.5p an ounce lower for spot delivery in the London bullion market yesterday at 477.0p. U.S. cent equivalents of the fixing levels were: spot 605.6c, down 7.4c; three-month 619.7c, down 7.6c; six-month 632.7c, down 8.1c; and 12-month 658.3c, down 8.7c. The metal opened at 479½-482½p (611-614c) and closed at 479-482p (617-620c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	477.80p	−4.50	481p	−8.75
3 months	489.00p	−4.55	435.5p	−1.25
6 months	505.60p	−4.55		
12 months	535.40p	−4.55		

LME—Turnover: 140 (29) lots of 10,000 oz. Three months high 485, low 481.5, final kerb 484.5.

FREIGHT FUTURES

Prices remained unchanged despite a 10.5 point drop in the spot index, reports Clarkson Wolff. The Baltic Freight Index was 931.5, down 10.5.

	Close	High/Low	Prev.
July	920/930	935/931	935/932
Oct	920/921	926/921	925/925
Jan	910/918	915/913	910/918
April	990/1030		975/1015
July	880/920	913	920/935
Oct	950/990		990/965
Jan	980/1020		980-1035
April	1050/1100		1050-1100

Turnover: 53 (70).

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May			1717
July	1744-1745	−13.0	1752-1738
Sept	1751-1752	−10.0	1759-1745
Dec	1718-1719	−7.0	1725-1717
March	1732-1733	−7.0	1740-1732
May	1762-1763	−5	1756
July	1763-1756	−8.0	—

Sales: 2,515 (3,010) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for May 31: 95.90 (95.56); five-day average for June 3: 95.97 (95.95).

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
May	100.90	102.30	140.00-95.00
Nov	65.70	65.30	66.00-65.90
Feb	70.80	73.00	—
Apr	86.70	86.00	87.00-86.00
May	93.00	88.40	—

Sales: 108 (340) lots of 40 tonnes.

SOYABEAN MEAL

	Yesterday close	+ or −	Business Done
	£ per tonne		
June	118.0-118.5	+0.50	118.0-118.0
August	118.0-119.0	+1.25	119.5-118.0
October	119.5-119.5	+1.25	119.5-119.0
Dec	119.5-119.9	+1.25	119.5
Feb	122.5-123.0	+1.25	123.0-122.5
April	124.5-125.0	+1.50	125.5
June	125.0-127.5	+1.00	126.5

Sales: 875 (35) lots of 20 tonnes.

GRAINS

Business done—Wheat: July 118.00-7.80, Sept 98.50-8.75, Nov 102.40-2.20, Jan 105.10-5.00, March 108.45-8.15. Sales: 148 lots of 100 tonnes. Barley: Sept 98.50 only, Nov and Jan untraded, March 105.60 only. Sales: 4 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterday's close	+ or −
July	117.80	+1.25	—	—
Sept	98.75	−0.5	98.35	−0.40
Nov	102.10	−0.35	102.35	−0.40
Jan	105.85	−0.25	106.35	−0.40
Mar	109.15	−0.35	108.40	−0.40

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 113.80, E. Mids 111.30, N. East 112.70, Scotland 111.50. The UK monetary coefficient for the week beginning Monday June 10 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged at 0.977.

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 15 per cent July 141.75, Aug 140.25, Sept 138.75, Oct 141.50 sellers, transshipment east coast. U.S. No. 2 soft red winter July 123.75, Aug 125.00, Sept 129.25, Oct 129.50 sellers. EEC harvest 118 paid Gunness, June 123, Sept 99.50, Oct/Dec 104, Dec 105 sellers. Maize: U.S. No. 3 yellow/French transshipment east coast May 149.50, June 150 sellers. English feed fob June 122.50 paid Gunness, June 123, Sept 99.50, Oct/Dec 104, Dec 105 sellers. Barley: English feed fob June 117 seller Scotland, July/Aug 93, Oct/Dec 105, Jan/March 111 sellers east coast. Rest unquoted.

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	107.40	108.90	107.70-107.40
Aug	100.60	100.30	100.70-100.60
Oct	100.60	100.00	105.60-105.50
Nov	105.70	105.90	—
Feb	99.80	99.80	—
April	98.00	99.00	—

Sales: 11 (35) lots of 60 carcases, 3,250 kg.

COFFEE

COFFEE	Yesterday's close	+ or −	Business Done
May	[illegible]		
July	2031-37	−15.0	2088-06
Sept	2085-88	−18.0	2102-80
Nov	2185-26	−11.0	2180-80
Jan	2100-25	−12.5	2105-10
Mar	2100-60	−8.0	2106-60
May	2100-05	−36.0	—

Sales: 2,319 (2,088) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for May 30: Comp. daily 1979 131.26 (131.55); 15-day average 131.88 (131.83).

SUGAR

LONDON DAILY PRICE—Raw sugar $89.00 (£70.00), down $1.00 (down 50p) a tonne for May-June-July delivery. White sugar $136.50, up 50c.

No. 6 Con-tract	Yesterday's close	Previous close	Business done
	$ per tonne		
Aug	97.8-98.0	94.8-94.2	98.2-94.2
Oct	101.8-102.0	97.4-97.8	102.2-96.2
Dec	106.4-108.0	101.5-102.0	107.0-101.8
Mar	122.0-122.2	117.8-118.0	122.5-117.5
May	122.5-122.8	121.0-121.5	125.6-122.0
Aug	134.8-135.2	129.0-130.0	[illegible]

Sales: 2,424 (989) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £173.50 (£173.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for May 30: Daily price 2.79 (same); 15-day average 2.79 (same).

RUBBER

PHYSICALS—The London market opened unchanged, attracted lower throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): spot 63.00p (same); July 65.00p (65.75p); August 66.25p (66.00p). The Kuala Lumpur fob price for RSS No. 1 was 194.0 (194.25) cents a kg and for SMR 20 was 179.0 (180.0).

AMERICAN MARKETS

HEATING OIL continued its advance although major profit-taking set in late in the day, reports Heinold Commodities. The strength was related to low product stocks which offered a bull spread against short positions in crude oil. The soyabean market received support from higher currencies and strong meal prices which advanced on profit-taking and short-covering. Maize traded nominally higher on commercial support while wheat traded marginally lower on a forecast of clearing, hot weather in the winter wheat harvest areas. The precious metals showed a firmer trend on the renewed weakness in the dollar. Copper steadied on evening-up ahead of the weekend. Aluminium firmed reflecting the strength in precious metals. Sugar rallied on reports of a large buying tender by Venezuela. Cocoa traded higher on short-covering sparked off by the firm tone to sterling. Coffee weakened on little prospect of freeze

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
June	46.75	—	—	45.85
July	47.70	47.10	45.75	48.20
August	47.40	—	—	—
Sept	47.80	47.60	48.50	46.85
Dec	48.85	48.55	47.45	47.90
Jan	49.20	—	—	48.25
March	49.60	48.70	48.70	48.95
May	50.00	—	—	49.65
July	51.30	—	—	50.35
Sept	52.00	—	—	51.05

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	2075	2079	2035	2041
Sept	2050	2055	2025	2031
Dec	2035	2030	2009	2010
March	2041	2040	2032	2025
May	2046	—	—	2030
July	2056	—	—	2045

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	144.30	148.20	144.00	146.41
Sept	145.33	146.50	45.25	146.20
Dec	145.13	46.10	43.19	45.42
March	144.33	44.50	44.50	45.46
May	143.58	43.05	43.05	44.86
July	142.75	42.75	42.75	42.63

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	60.25	60.40	60.40	60.20
July	60.65	61.15	60.25	60.75
August	61.00	—	—	—
Sept	61.85	62.05	61.60	61.50
Dec	62.53	63.05	62.20	62.45
Jan	62.85	62.85	62.55	62.45
March	63.25	63.85	63.40	63.20
May	63.95	64.00	63.60	63.55
July	64.40	64.40	64.10	64.05
Sept	64.95	65.00	64.75	64.35

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	62.27	62.50	61.66	61.38
Oct	60.80	60.95	60.50	60.12
Dec	60.15	60.50	60.00	60.10
March	61.35	61.65	61.00	60.92
May	62.13	62.50	62.00	61.58
July	62.80	63.00	62.50	62.32
Oct	63.20	63.20	63.00	62.72

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
July	27.88	27.99	27.77	27.92
August	27.37	27.50	27.26	27.41
Sept	27.25	27.25	27.03	27.10
Oct	26.95	27.01	26.77	26.93
Nov	26.63	26.80	26.55	26.74
Dec	26.63	26.63	26.35	26.49
Jan	26.47	26.47	26.30	26.30
Feb	26.40	—	—	26.40
March	26.40	—	—	26.40
April	26.40	—	—	26.40

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	316.2	319.0	312.5	313.6
July	317.5	—	—	314.8
August	318.5	323.0	316.0	316.2
Oct	322.2	326.5	320.0	320.2
Dec	327.4	330.0	323.0	324.7
Feb	331.8	332.0	332.0	328.9
April	336.0	—	—	333.0
June	341.0	343.0	341.5	338.5
Aug	345.0	—	—	333.1
Oct	350.0	—	—	338.4
Dec	355.6	—	—	343.2
Feb	362.2	363.8	363.5	349.5
April	368.2	—	—	355.1

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
June	71.70	71.85	71.25	71.35
July	71.25	71.70	70.90	71.21
August	71.75	72.10	71.40	71.65
Sept	72.25	72.68	72.00	72.15
Oct	72.95	73.29	72.75	72.85
Nov	73.45	73.45	73.20	73.35
Dec	74.35	74.35	74.00	74.10
Jan	76.00	—	—	76.25

ORANGE JUICE 15,000 lb. cents/lb

	Close	High	Low	Prev
July	144.55	45.70	41.80	41.80
Sept	142.15	43.20	—	39.95
Nov	141.10	42.30	39.50	39.30
Jan	140.20	40.50	40.00	38.75
March	140.00	40.50	39.00	38.60
May	140.00	—	—	38.85
July	140.00	—	—	38.85

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	266.0	266.0	261.5	261.7
July	267.0	268.5	262.0	262.2
Oct	270.6	273.0	266.5	266.5
Jan	276.5	276.5	271.5	271.5
April	281.5	281.5	277.0	276.7
July	281.0	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	615.8	618.0	611.5	613.6
July	619.0	630.0	615.5	617.0
August	622.8	—	—	620.8
Sept	628.8	637.0	623.0	624.4
Dec	639.2	647.0	636.5	637.3
Jan	643.7	—	—	641.9
March	652.2	650.1	650.1	650.6
May	661.6	667.5	658.0	660.0
July	671.5	—	—	670.0
Sept	682.2	—	—	680.0

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	High	Low	Prev
July	3.14	3.15	3.06	2.97
Sept	3.28	3.29	3.20	3.13
Oct	3.46	3.47	3.25	3.27
Jan	3.83	3.78	3.78	3.70
March	4.28	4.28	4.22	4.15
May	4.47	4.48	4.42	4.35
July	4.65	4.65	4.60	4.55
Sept	4.84	—	—	4.75
Oct	4.95	4.96	4.92	4.85

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	60.10	60.57	59.82	60.42
August	62.32	62.65	62.02	62.57
Oct	62.57	63.57	62.80	62.57
Dec	63.70	64.15	63.75	64.15
Feb	64.55	64.80	64.30	64.80
April	65.45	65.80	65.02	65.40
June	65.90	65.90	65.50	65.90

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	47.95	48.10	47.12	47.55
July	51.10	51.25	50.25	50.47
August	50.62	51.10	50.15	50.37
Oct	47.27	47.57	46.85	46.95
Dec	48.35	48.42	47.72	47.90
Feb	48.25	48.57	47.55	47.80
April	46.02	46.25	45.85	46.05
June	48.15	48.55	47.95	48.15
July	48.90	49.37	48.90	48.97

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
July	274.4	274.9	273.0	273.2
Sept	258.4	259.0	257.0	257.4
Dec	248.6	249.0	247.0	247.6
March	263.2	258.6	261.0	261.6
May	268.2	268.4	267.0	267.0
July	267.2	268.2	267.2	266.4
Sept	253.0	253.0	253.0	252.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	66.62	67.25	65.75	65.97
August	67.07	67.90	65.85	65.45
Feb	72.50	72.85	71.30	71.95
March	72.50	72.50	71.50	71.60
May	74.12	74.30	73.70	74.21
July	74.00	74.00	73.80	74.22

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	567.4	570.4	564.0	564.4
August	581.6	586.0	580.0	586.6
Sept	588.6	586.0	586.0	586.0
Nov	573.6	578.0	573.0	576.0
Jan	577.4	586.0	586.0	587.0
March	586.0	589.0	585.0	583.0
May	592.4	598.0	590.0	578.8
July	596.0	597.0	594.0	589.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	119.9	121.3	119.0	119.7
August	122.7	123.0	121.8	122.3
Sept	124.6	125.0	123.5	124.2
Oct	125.7	127.0	125.0	124.7
Dec	129.0	129.8	127.2	127.2
Jan	131.3	131.5	130.0	129.8
March	135.0	135.5	134.0	134.5
May	141.2	141.5	140.0	141.0
July	145.0	145.5	145.5	144.0
Aug	150.5	150.5	150.5	150.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	30.07	30.87	30.00	30.22
August	28.77	29.00	28.50	29.23
Sept	27.92	28.10	27.80	27.98
Oct	26.90	27.10	26.80	26.95
Dec	26.10	26.30	26.00	26.15
Jan	25.95	26.00	25.80	26.05
March	25.05	25.10	24.90	25.15
May	24.80	25.10	24.80	24.95
July	24.42	24.42	24.38	24.32

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	317.6	318.0	316.2	317.4
Sept	317.4	318.4	316.2	317.4
Dec	329.4	331.0	328.4	330.0
March	330.2	331.0	328.2	330.0
May	316.0	319.0	318.0	319.0
July	303.0	304.4	302.4	302.0

SPOT PRICES—Chicago loose lard 19.50 (19.00) cents per pound. New York tin 560.0-65.0 (557.0-58.0) cents per pound. Handy and Harman silver bullion 621.0 (615.0) cents per troy ounce.

MARKET REPORT

Gilt-edged advance continues late despite news of fresh Government funding

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

Contrasting trends developed during the final session of the extended trading Account in London stock markets yesterday. Government securities maintained the firmer tone which has emerged since business resumed after the Whitsun holiday, but leading equities gave another example of the fundamental indecision which has affected the market since the FT Ordinary share index broke through the 1,000 mark again just three weeks ago.

Once again, the Gilt-edged area attracted foreign funds on the back of a strong sterling exchange rate: the dollar weakened later following fresh evidence of a feeble U.S. economy, but currency dealers pressed the point that sterling trading was extremely thin. Longer-dated stocks made the most headway with afternoon sentiment helped by news of rising U.S. bond prices. A leading London dealer was believed to be short of stock and balancing the position via purchases of Gilt futures.

Thoughts of possible new Government funding failed to dampen enthusiasm. Following confirmation at 3.30 pm that the authorities were raising £600m via the issue of three £200m tranches of Exchequer 11 per cent 1990, Conversion 10½ per cent 1999 and Treasury 11¾ per cent 2003-2007, the advance continued. In the after-hours' business, selected long Gilts were ⅜ higher on the day with gains tapering to around ⅛ in the shorts.

Blue chip industrials gave ground soon after the outset. Some encountered selling pressure, especially Boots which received a none-too-favourable Press on the preliminary statement. Plessey was another early casualty and lost ground on reports of further problems at its troubled U.S. subsidiary Stromberg-Carlson. High-technology issues continued to trade uncertainly, reflecting the IBM President's warning that the computer industry was facing a slowdown.

Revived demand late in the day — from 3.30 pm business is allowed without penalty for the trading account starting on Monday—brought a general price recovery. This was mirrored in the FT Ordinary share index which rallied from 998.2 at 3 pm to close only 2.1 down on balance at 1,002.5; on the week the measure was a mere 0.9 up.

Discount Houses react

The surprise announcement by Union Discount of a £14.4m rights issue at the start of trading unsettled the Discount House sector. Quotations went sharply lower from the outset before staging a moderate rally. Union reacted to 690p prior to closing a net 10 down at 695p, while Gerrard lost 6 to 332p and Cater Allen shed 5 to 520p. Falls among the smaller-priced issues were more pronounced. Clive Discount came on offer and dipped to a 1985 low of 41p before closing a net 4 down at 45p, while Smith St Aubyn settled 6 lower at 43p, after 41p. Among Merchant Banks, Hill Samuel touched 310p following the good annual results before profit-taking left the close a couple of pence cheaper on balance at 298p. The major clearers opened a shade easier, but subsequently attracted occasional late interest to close virtually unchanged. Bank of Ireland responded to Irish demand with a rise of 7 to 295p.

Quietly firm conditions persisted in the Life Insurance sector, although some issues closed a shade below the best. Legal and General settled 3 dearer at 688p, after 690p, while Prudential closed 5 higher at 665p, after 670p. Among Composites, Commercial Union reacted to 217p on end-Account influences prior to closing 3 cheaper on balance at 220p. Lloyds brokers were selectively firm. C. E. Heath rose 13 to 640p in the wake of the recent abortive merger talks with Hogg Robinson. Hogg rallied a penny to 256p but remained 24 lower over the four-day period. Revived demand lifted Willis Faber 9 to 689p.

Breweries made progress across the board with dealers reporting persistent buying. Guinness, due to wrap up a largely successful dividend season with interim figures on June 11, highlighted by rising 9 to 276p. Bass rose a similar amount to 567p, while Whitbread A, 277p, and Allied-Lyons, 200p, firmed 4 and 3 respectively.

Leading Buildings gave modest ground on lack of interest before steadying after hours. Secondary issues were highlighted by Tilbury Group which attracted persistent speculative support on talk that a stake had changed hands and rose 18 to 140p. Y. J. Lovell firmed 4 to 222p following a squeeze on bear positions, while McCarthy and Stone gained 10 to 220p on occasional buying interest. Among Timbers, Trent Holdings hardened a couple of pence to 88p in reply to favourable Press comment, but Meyer International, a firm counter recently on takeover hopes, encountered profit-taking and slipped to 141p prior to closing a penny cheaper on balance at 141p.

ICI, a firm market in recent days on hopes that the group will benefit from the increased demand for ethylene, slipped 4 to 774p in the absence of further buying interest. Laporte, however, rose 14 to 442p following the chairman's confident statement at the annual meeting. Elsewhere, Amersham International slipped to 358p initially, but picked up on talk of a broker's recommendation to close a couple of pence dearer on balance at 362p.

Owen Owen buoyant

Activity in Stores again centred mainly on secondary issues. Takeover favourite Owen Owen featured with an advance of 25 to 265p following an investment recommendation which, in turn, stimulated fresh interest in other recognised asset value situation. Moss Bros, still buoyed by the prospect of the development of its Covent Garden site, improved 30 more to 520p, while Bentalls, 102p, and Martin Ford, 50p, firmed 3 apiece. Our Price, wanted throughout the week after Press mentions, rose 25 for a gain over the four-day period of 70 to 520p. Etam, another takeover candidate, closed 10 higher at 200p, also owing to Press comment, while steady support was evident for MFI, 8 up at 288p, and Harris Queensway, 4 dearer at 252p. In contrast, Combined English reacted afresh to profit-taking and shed 3 for a two-day decline of 9 to 143p. The disappointing annual results continued to weigh on Greenfield Blacks, 2 lower at 20p.

Leading Stores lacked a decided trend. Debenhams hardened a couple of pence to 388p awaiting further developments relating to the bid from Burton, 3 lower at 475p. Woolworth rallied 10 to 813p in ex-rights form.

Leading Electricals became sensitive following fresh nervous offerings of Plessey, but final losses on the day were small. Elsewhere, Oceonics rallied 7 to 72p following the company's statement regarding the recent setback in the share price. MMT Computing, on the other hand, fell 10 further to a new low for the year of 170p, while Atlantic Computer gave up 7 at 373p.

Apart from a late rally in Vickers, which settled unaltered at 300p, after 295p, there was little of note in the Engineering leaders. Among secondary issues, Spear & Jackson advanced late on revived bid speculation to close 8 up at 172p, while Tex Abrasives, still reflecting takeover hopes, moved up 11 more to 98p. GEI International came to life with an improvement of 9 to 11p and Edbro, still on the annual results, rose 8 further to 148p. Other bright spots included APV, up 8 at 283p, Glynwed, 8 dearer at 205p, and Jones & Shipman, 2 better at 73½p.

Among Foods, Tate and Lyle rose 7 to 462p on further consideration of the interim results, but takeover favourite Rowntree Mackintosh encountered profit-taking and shed 8 to 432p. Retailers were highlighted by Argyll which gained 128 to 325p ahead of the annual results due on June 11. Elsewhere, USM-quoted Hunter Saphir continued to attract buyers in the wake of the preliminary figures and firmed 5 afresh to 140p. Annual profits much in line with market estimates left Freshbake a penny dearer at 70p, after 74p.

Reed Int. feature

Movements in miscellaneous industrial leaders were usually limited to a few pence either way. Reed International, however, advanced 18 to 602p on the proposal to sell its building products business. Boots, in contrast, fell to 182p following comment on the preliminary figures before settling 9 lower at 185p. Elsewhere, Bestobell featured a rise of 19 to 241p on the chairman's forecast of a marked recovery after the problems of 1984. Evered advanced 14 more to 278p on expansion hopes following the proposed rights issue, but Lep Group encountered persistent profit-taking after Thursday's preliminary figures and fell 20 to 253p. The interim results from Dobson Park, down 5½ at 83p, were outweighed by the none-too-encouraging statement about second-half prospects. Appledore, still on the first-half figures, improved 10 more to 280p, while Fothergill and Harvey, reflecting the chairman's encouraging statement at the annual meeting, improved 9 to 156p. Demand revived for F. H. Tomkins, which rose 10 to 202p with the new nil-paid shares 7 dearer at 52p. Fisons eased to 360p before rallying late to close 5 off on balance at 365p. Awaiting further bid developments, Brammer closed 7 off at 363p, after 357p, and Energy Services 4 cheaper at 110p; Bunzl gave up 12 at 448p.

Among otherwise subdued Motors, Adams and Gibbon improved 4 to 255p; this is only a couple of pence below the increased and final offer from Keep Trust, a penny dearer at 73p.

Advertising agency Geers Gross slumped 20 to 108p after the profits warning at the annual meeting. Elsewhere, McCorquodale improved a few pence to 160p in front of next Tuesday's half-timer.

Allied Textile were a major casualty and fell 50 to 450p as unwelcome bidder London and Midland Industrials decided not to increase the offer terms. LMI were unchanged at 179p.

Among lacklustre Financials, Exco International encountered offerings and dipped 30 to 645p. Mills and Allen gave up 8 to 345p, while Britannia Arrow shed 3 to 105p.

Falcon Res. weak

Activity in the oil majors was reduced to a trickle after the oil price scares earlier in the week and the subsequent minor rally on Thursday. Price changes in the leading issues were generally restricted to a few pence either way but secondary stocks provided a fair amount of interest. Falcon Resources were thoroughly depressed for much of the session and retreated to 295p before rallying late to close a net 15 off at 310p. Other U.S. oil and gas explorers showed Great Western Resources and Firstland Oil and Gas a similar amount lower at 225p and 215p respectively. E.R.I.C. dipped 10 to 235p. Energy Capital remained a highly volatile market, dropping to 42p prior to closing only 2 off at 46p amid rumours that a major stake in the company has changed hands in recent days. Irish issues lost ground across a broad front—Eglinton Oil and Gas gave up 10 to 80p and Bryson fell 8 to 147p, but Bula hardened a couple of pence to 14p.

Golds down again

The closure of the Johannesburg Stock Exchange for the Republic Day holiday ensured a quiet trading session in South African gold shares. The latter gave ground throughout the morning and, without the prop of the usual selective South African business, were additionally unsettled by the early weakness in the bullion price. Sentiment changed in the late afternoon, however, when a further bout of weakness in the dollar lifted bullion prices. Share prices were quickly marked higher and the emergence of light support from New York enabled the majority of issues to close above the day's lowest levels. Sterling quotations, however, were restrained by the firmness of the pound. The Gold Mines index posted a further 10.4 loss at 451.0, leaving the measure over 26 points down on the week.

Bullion ended the day a net $1.75 up at $318 after extremes of $313 and $318.

Among top quality stocks, Randfontein showed a £1⅜ loss at £79¾, while declines ranging from ¼ to a full point were common to Winkelhaak, £24½, Buffels, £31¼, Kloof, £30¼, Harmony, £10¼ and President Steyn, £21¼.

Financials were mixed. South African-based stocks retreated with Golds and were highlighted by "Amgold," £2⅜ cheaper at £68½, while Gold Fields of South Africa dipped ¼ to £13⅞. Initial small falls in London-domiciled issues were eradicated after-hours and Charter Consolidated managed a minor net gain at 187p; the preliminary results are expected towards the end of the month.

Australians lost ground for the seventh successive trading day, depressed by the continuing weakness in Sydney and Melbourne markets overnight and by the latest falls in base-metal prices. Among the leaders, falls of around 5 were common to Bougainville, 109p, CRA, 324p, MIM Holdings, at a year's low of 152p and Western Mining, 206p. Thursday's newcomer Thames Mining eased a shade to 15p with the options quoted at 5p.

Traded Options finished a generally disappointing week on a subdued note with only 3,972 contracts transacted—the lowest total so far this year.

FINANCIAL TIMES STOCK INDICES

	May 31	May 30	May 29	May 28	May 24	May 23	Year ago
Government Secs	81.36	81.24	81.02	80.87	80.80	80.81	78.69
Fixed Interest	86.08	86.02	85.91	85.84	85.78	85.70	82.70
Ordinary	1002.5	1004.8	999.1	1006.5	1001.6	1010.2	894.5
Gold Mines	401.0	461.4	465.0	465.4	477.2	479.6	608.1
Ord. Div. Yield	4.52	4.51	4.55	4.50	4.51	4.50	4.78
Earnings, Yld.% (full)	11.60	11.58	11.65	11.54	11.60	11.53	11.10
P/E Ratio (net) (*)	10.82	10.84	10.48	10.87	10.82	10.87	10.82
Total bargains (Est.)	24,828	22,643	22,273	25,833	23,500	25,597	22,843
Equity turnover £m.	—	332.80	388.80	048.70	427.53	465.82	350.37
Equity bargains	—	20,661	18,820	18,559	21,999	23,382	20,046
Shares traded (ml)	—	176.6	183.6	154.0	222.2	939.0	160.0

10 am 1004.2, 11 am 1002.1, Noon 998.6, 1 pm 998.4,
2 pm 998.4, 3 pm 998.2.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35.
Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
*Nil=10.15.†
† Corrected figure for May 30, 10.20.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low		May 30	May 29
Govt. Secs.	82.00 (18/5)	78.09 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	160.6	158.3
Fixed Int.	86.19 (22/4)	82.17 (18/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	153.0	121.9
					Value	684.4	788.0
Ordinary	1024.8 (22/1)	928.7 (5/1)	1024.0 (22/1/85)	49.4 (26/6/40)	5-day Average Gilt Edged Bargains	160.2	171.1
Gold Mines	536.9 (15/4)	439.0 (25/1)	734.7 (15/2/83)	43.0 (26/10/71)	Equities Bargains	134.0	140.7
					Value	792.8	856.4

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984 based on Thursday, May 30, 1985

Telephone Networks	+27.04	Consumer Group	+ 7.42
Insurance (Life)	+22.27	Chemicals	+ 7.26
Newspapers, Publishing	+21.13	500-Share Index	+ 7.21
Shipping and Transport	+19.78	Industrial Group	+ 7.13
Metals and Metal Forming	+18.18	All-Share Index	+ 7.07
Office and Equipment	+17.84	Overseas Traders	+ 6.50
Other Industrial Materials	+17.03	Brewers and Distillers	+ 6.37
Stores	+16.98	Banks	+ 5.95
Other Groups	+16.88	Building Materials	+ 4.89
Insurance (Composite)	+13.62	Food Manufacturing	+ 4.71
Motors	+12.28	Investment Trusts	+ 4.55
Packaging and Paper	+12.26	Contracting, Construction	+ 4.00
Mechanical Engineering	+11.53	Mining Finance	+ 3.51
Insurance Brokers	+11.10	Merchant Banks	+ 2.09
Textiles	+10.12	Leisure	+ 0.21
Textiles	+10.12	Property	− 1.84
Food Retailing	+ 8.85	Capital Goods	− 2.15
Oils	+ 7.64	Gold Mines Index	− 3.65
Financial Group	+ 7.63	Electricals	− 5.02
Health and H'ehold Products	+ 7.51	Tobaccos	− 7.58
		Electronics	−20.73

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
‡93	F.P.	28/6	106	104	✠Abbeycrest 10p	104	.....	42.0	2.5	3.4	18.5
‖‖360	H.P.	16/6	93	77	Anglo-EastPlants	90	.....	—	—	—	—
—	F.P.	—	42	27	Do. Warrants	42	.....	—	—	—	—
§126	F.P.	31/0	181	154	✠Aspen Comms. 5p	174	.....	u2.0	2.8	2.1	22.4
172	F.P.	28/6	182	176	Asda Property 90p	182	.....	u3.0	9.1	2.4	25.2
—	F.P.	—	850	700	Banco de Bilbao S.A.	800	.....	Q25%	2.8	7.4	5.4
—	F.P.	—	700	650	Banco de Santander	656	.....	—	—	—	—
373	500	10/9	253	216	British Aerospace 50p	217	−6	13.65	3.1	8.0	7.3
‡76	F.P.	—	085	80	✠Browns (C.) Car 10p	85	.....	bg2.3	3.4	4.5	14.4
165	F.P.	31/0	175	168	✠Clayform Props. 5p	170	.....	bg7.5	9.1	6.3	10.8
130	F.P.	21/6	135	113	Coloroll 10p	116	+1	bg4.6	2.5	5.5	10.4
‡84	F.P.	01/6	103	87	✠Datron Int'l. 5p	100	+5	u1.0	0.9	1.4	11.8
200	F.P.	31/6	300	260	Domino Print. Scienc.	270	−5	u1.75	4.3	0.9	36.0
§117	F.P.	31/6	130	[illegible]	✠Electron House 10p	103	.....	bg2.7	1.9	3.1	22.7
§300	F.P.	28/0	410	[illegible]70	✠H'mes &March10p	396	+16	u3.5	4.1	1.3	27.7
§129	F.P.	7/6	200	172	✠Howard Group 5p	196	.....	bg4.8	3.2	3.1	14.3
§150	F.P.	7/6	205	165	✠Huntleigh Tech 5p	200	.....	u1.8	3.6	1.1	31.6
100	F.P.	21/6	103	101	MartinCurrie Pac.50p	101	.....	—	—	—	—
‡28	F.P.	14/6	34	22	✠Maxiprint 1p	33	−1	—	—	—	—
§190	F.P.	7/6	181	143	✠Moorgate Group 0p	180	.....	bg2.0	0.2	1.6	34.4
§113	F.P.	29/0	112	113	✠Norscot Hotels 50p	110	+2	—	—	—	—
41	F.P.	—	47½	43	✠Perkins(J.)Meats10p	40	+2½	b.s1.8	2.0	0.7	11.8
110	F.P.	7/6	119	105	Persimmon 10p	100	−1	bg4.75	3.6	6.5	6.0
£7.35′	F.P.	26/4	80	79	Plantation Tst	79	.....	—	—	—	—
—	F.P.	—	40	38	Do. Warrants	38	.....	—	—	—	—
100	F.P.	7/6	106	90	Prestwick 0p	90	.....	u9.1	3.3	3.3	12.8
¶175	F.P.	7/6	200	178	✠Sherwood Com 10p	183	.....	02.70	3.4	2.1	19.8
§120	F.P.	30/0	120	112	✠Viewplan 5p	112	−3	u1.20	4.0	1.6	29.3
130	F.P.	10/6	143	137	✠Wayne Kerr 10p	138	.....	u1.0	4.2	1.5	21.3
§68	F.P.	24/0	78	68	✠Wyko Group 10p	68	.....	b2.[illegible]	8.4	0.0	11.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
—	F.P.	—	85	83	Anglo-East Plts. 12½% Uns. Ln. 95-99	84	.....
¶¶	F.P.	23/8	107	100	Bramall (C.D.) 10% Cnv. Uns. Ln. 95/2003	105	.....
=	Nil	5/7	7	8	Lon. & Edin. 6½% Conv. Cum. Rd. Prf.	7	.....
90.705	£30	6/6	30¾	28½	Malaysia 10¾% Ln. 2009	30¾	.....
—	F.P.	—	100	29¾	NationwideBldg.Soc. 12½% 15/6/86	100	.....
—	F.P.	6/6	99	02	Plantation Trst 7½% cnv. Uns. Ln. 2000	2S	.....
‖	F.P.	6/6	108	106	Queens Moat 7% Cnv. Rd. Prf.	107	−1
‖	Nil	19/7	0pm	8pm	Russell (A.) 0.75% Cum. Cnv. Rd. Prf.	9pm	−1
‖	F.P.	14/6	114	105	Saatchi 6.3% Cnv. Cum. Red. Pref.	111	.....
94.890	£30	12/7	36⅝	30	Spain(Kingdom of) 11¼% Ln 2010	35⅝	+⅛
¶¶	F.P.	—	108	180	Williams Hldgs.5% Cum. Cnv. Prf.	128	.....
¶¶	F.P.	—	118	103	Do. 10½ Cum. Prf.	116	.....
‖	Nil	—	10½	0½pm	Woolworth 8½% Cov. Uns. Ln. 2000	7pm	.....

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
100	Nil	16/7	21pm	6pm	Anchor Chemical	6pm	.....
200	F.P.	20/6	380	363	Bank of Scotland £1	380	.....
100	F.P.	14/6	303	328	Barclays £1	370	.....
350	Nil	5/7	40pm	22pm	Beazer (C.H.) 70p	34pm	.....
28	F.P.	26/6	29½pm	26	Brit. Empire Sec. & Gen. 5p	28	.....
134	Nil	—	20pm	20pm	✠ Godwin Warren	20pm	.....
80	Nil	26/6	10pm	6pm	✠Grosvenor Square 10p	10pm	.....
20	F.P.	3/7	80	73	Lon. & Northern	79	.....
516	Nil	12/7	127pm	110pm	Low (Wm.) 20p	100pm	.....
063	F.P.	15/6	360	300	Memec 10p	303	.....
20	F.P.	7/6	102½	23	Nationwide Leisure	95	.....
20	F.P.	22/0	43	29	Newman Inds. 10p	41	.....
70	F.P.	4/7	77pm	73pm	✠Rivlin (I.D.S.) 0p	76	.....
120	Nil	12/7	8pm	10pm	Soter 0p	8pm	.....
802	F.P.	28/8	860	236	Tesco 5p	965	.....
10	Nil	12/7	31pm	17pm	"The Times" Veneer	17pm	.....
150	Nil	12/7	54pm	38pm	Tomkins (F.H.) 0p	41pm	.....
2	Nil	—	1½pm	1½pm	Willaire Systems	1½pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3).

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri May 31 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur May 30 Index No.	Weds May 29 Index No.	Tues May 28 Index No.	Year ago (approx.) Index No.	1985 High	1985 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (208)	546.00	−0.1	10.27	4.11	12.18	7.11	546.43	545.41	549.24	484.09	577.15 22/1	529.99 25/2	577.15 22/1/85	50.71 13/12/74
2	Building Materials (23)	536.24	—	12.26	4.82	9.98	6.84	536.32	536.08	539.46	466.99	546.84 21/5	472.11 26/2	546.84 21/5/85	44.27 11/12/74
3	Contracting, Construction (29)	773.34	+0.4	13.08	5.33	9.90	16.40	770.20	767.37	767.74	656.95	773.34 31/5	684.17 8/3	831.09 15/3/83	71.48 2/12/74
4	Electricals (15)	1509.71	−0.1	10.37	4.82	12.17	27.85	1511.30	1503.40	1520.55	1520.22	1701.64 22/1	1478.18 25/2	1909.93 3/6/83	84.71 25/6/62
5	Electronics (37)	1541.78	−0.1	9.58	3.31	13.56	13.77	1544.05	1543.44	1564.05	1684.69	1977.60 9/1	1541.78 31/5	2049.06 13/11/84	1541.78 31/5/85
6	Mechanical Engineering (63)	311.77	+0.3	10.26	4.43	11.87	4.70	310.84	309.40	312.32	242.97	316.14 13/5	275.18 3/1	316.14 13/5/85	45.43 5/1/75
8	Metals and Metal Forming (7)	198.16	—	12.53	7.68	9.99	3.71	198.26	196.63	197.58	176.07	198.42 25/3	165.08 14/1	209.74 13/3/84	49.65 6/1/75
9	Motors (17)	161.13	−0.5	13.57	5.23	9.14	3.09	162.02	161.71	162.67	126.46	175.89 15/3	142.57 3/1	175.89 15/3/85	19.91 6/1/75
10	Other Industrial Materials (17)	981.13	−0.4	7.28	3.21	16.49	11.22	985.43	984.75	980.87	636.26	1004.54 21/5	828.60 3/1	1004.54 21/5/85	277.55 15/1/81
21	CONSUMER GROUP (177)	666.98	—	9.63	3.79	12.83	6.86	666.80	664.00	666.32	492.02	670.13 22/5	604.96 3/1	670.13 22/5/85	61.41 13/12/74
22	Brewers and Distillers (23)	612.15	+0.9	11.19	4.54	11.16	3.72	606.59	603.05	605.58	514.16	612.15 31/5	550.86 3/1	612.15 31/5/85	69.47 13/12/74
25	Food Manufacturing (20)	504.04	−0.1	12.19	4.83	10.47	9.54	504.41	503.88	506.05	367.61	513.86 12/3	473.30 3/1	513.86 12/3/85	59.67 11/12/74
26	Food Retailing (13)	1602.86	+0.7	5.44	2.47	24.47	5.76	1591.17	1583.74	1590.91	1132.12	1624.42 21/5	1400.36 1/3	1624.42 21/5/85	54.25 11/12/74
27	Health and Household Products (9)	1099.46	+0.4	5.95	2.57	19.65	5.75	1095.54	1073.49	1070.50	765.86	1099.46 31/5	980.65 11/4	1099.46 31/5/85	175.38 28/5/80
29	Leisure (23)	688.81	−0.6	8.58	4.72	15.20	12.59	692.64	692.89	694.54	605.13	719.49 22/1	652.35 9/4	719.49 22/1/85	54.83 9/1/75
32	Newspapers, Publishing (12)	1773.53	—	6.91	4.28	18.74	32.34	1773.99	1782.19	1793.63	1264.43	1807.77 23/5	1445.15 3/1	1807.77 23/5/85	55.08 6/1/75
33	Packaging and Paper (14)	328.27	+0.5	11.70	3.99	9.82	2.30	326.78	326.46	326.89	229.37	328.78 23/5	286.36 3/1	328.78 23/5/85	43.46 6/1/75
34	Stores (41)	643.18	−0.5	7.66	3.21	17.64	5.00	646.68	645.87	650.70	444.19	657.15 23/5	529.47 19/2	657.15 23/5/85	52.63 6/1/75
35	Textiles (19)	331.30	+0.1	16.59	4.77	6.98	3.78	330.83	329.56	331.27	263.08	341.97 11/3	293.07 3/1	341.97 11/3/85	62.66 11/12/74
36	Tobaccos (3)	820.03	−1.0	18.18	5.23	6.17	17.44	828.37	834.51	835.49	585.71	1010.69 8/2	820.03 31/5	1010.69 8/2/85	94.34 13/6/62
41	OTHER GROUPS (98)	712.14	−0.3	8.53	3.86	14.79	5.68	714.36	711.29	712.17	423.78	722.57 15/5	605.99 3/1	722.57 15/5/85	58.63 6/1/75
42	Chemicals (17)	774.28	−0.2	13.43	4.79	9.20	14.95	775.87	766.36	765.01	569.69	832.26 22/2	710.88 3/1	832.26 22/2/85	71.20 1/12/74
44	Office Equipment (4)	181.18	−2.1	7.27	4.64	17.06	3.52	185.09	184.64	185.88	117.30	190.38 11/3	154.76 3/1	246.06 1/9/72	45.34 2/1/75
45	Shipping and Transport (12)	1154.29	+0.1	6.53	4.55	19.67	22.83	1152.92	1155.39	1173.18	821.72	1201.81 23/5	958.08 3/1	1201.81 23/5/85	90.80 29/6/62
46	Miscellaneous (63)	888.42	—	6.96	3.33	17.63	6.30	888.80	886.66	888.27	583.73	896.60 22/5	798.35 3/1	896.60 22/5/85	60.39 6/7/75
48	Telephone Networks (2)	887.90	−0.5	7.54	3.62	17.32	0.78	892.31	889.90	889.90	0.0	932.01 15/5	701.92 3/1	932.01 15/5/85	517.92 30/11/84
49	INDUSTRIAL GROUP (483)	655.06	−0.1	9.49	3.89	13.13	6.77	655.66	653.28	655.74	483.95	662.43 22/5	599.75 3/1	662.43 22/5/85	59.01 13/12/74
51	Oils (17)	1147.78	−0.3	16.10	7.25	7.63	37.60	1151.07	1145.66	1155.23	1120.68	1239.75 15/2	1042.21 3/1	1239.75 15/2/85	87.23 29/5/62
59	500 SHARE INDEX (500)	696.58	−0.1	10.35	4.33	12.00	9.23	697.40	694.76	697.79	537.39	705.49 22/5	636.90 3/1	705.49 22/5/85	63.49 13/12/74
61	FINANCIAL GROUP (113)	467.92	−0.1	—	5.35	—	8.31	468.46	467.56	469.85	352.14	478.74 15/5	430.10 4/1	478.74 15/5/85	55.88 13/12/74
62	Banks (6)	464.84	—	16.68	7.44	8.56	11.71	464.58	463.60	466.21	343.02	483.39 13/5	420.58 15/4	483.39 13/5/85	62.44 12/12/74
65	Insurance (Life) (8)	716.95	+0.6	—	4.42	—	14.71	713.00	707.12	706.26	454.91	736.75 16/5	580.95 4/1	736.75 16/5/85	44.88 2/1/75
66	Insurance (Composite) (7)	352.99	−0.3	—	5.53	—	8.53	353.94	352.55	353.68	260.52	363.76 15/5	303.16 25/2	363.76 15/5/85	43.96 13/12/74
67	Insurance (Brokers) (7)	1152.33	+0.6	7.74	3.57	17.38	17.24	1145.03	1141.77	1148.52	704.00	1248.70 15/3	1011.88 4/1	1248.70 15/3/85	65.86 16/12/74
68	Merchant Banks (11)	225.43	−0.6	—	4.37	—	1.22	226.86	227.37	229.39	202.20	248.76 16/1	220.65 3/1	278.57 1/5/72	31.21 7/1/75
69	Property (50)	627.52	−0.2	5.87	3.69	23.24	3.28	628.78	632.68	638.00	535.72	653.36 13/5	613.65 25/2	653.36 13/5/85	56.01 20/4/65
70	Other Financial (24)	282.55	−1.4	8.73	5.72	13.92	4.78	286.68	284.95	286.57	228.06	296.92 6/2	268.20 3/1	303.18 18/5/72	33.29 17/12/74
71	Investment Trusts (106)	597.22	—	—	3.41	—	5.96	597.37	598.46	600.65	457.91	635.62 7/3	564.72 3/1	635.62 7/3/85	71.12 13/12/74
81	Mining Finance (4)	283.50	—	11.27	5.58	10.39	5.29	283.46	283.83	285.97	299.31	311.08 15/4	269.78 7/1	337.57 10/4/84	66.31 30/9/74
91	Overseas Traders (14)	664.79	−0.2	9.26	6.39	13.35	12.19	666.03	672.12	674.35	534.39	687.15 22/1	618.22 3/1	687.15 22/1/85	97.37 6/1/75
99	ALL-SHARE INDEX (737)	634.16	−0.1	—	4.47	—	8.80	634.87	632.95	635.76	490.00	642.98 22/5	581.88 3/1	642.98 22/5/85	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	May 30	May 29	May 28	May 24	May 23	Year ago				
	FT-SE 100 SHARE INDEX	1313.0	−1.7	1315.8	1309.6	1314.7	1312.8	1317.4	1313.8	1325.3	1055.8	1342.4 15/5	1206.1 3/1	1342.4 15/5/85	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 31	Day's change %	Thur May 30	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.83	+0.16	117.64	—	4.58
2	5-15 years	129.78	+0.32	129.37	—	5.07
3	Over 15 years	136.58	+0.43	135.99	—	3.47
4	Irredeemables	144.81	—	144.81	—	6.07
5	All stocks	128.35	+0.28	127.99	—	4.72
6	Debentures & Loans	108.66	+0.04	108.62	—	5.06
7	Preference	78.47	—	78.47	—	3.01

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 31	Thur May 30	Year ago (approx.)	1985 Highs	1985 Lows
	British Government						
1	Low	5 years	10.39	10.41	11.22	11.56 28/1	10.39 31/5
2	Coupons	15 years	10.69	10.73	10.97	11.20 28/1	10.47 9/1
3		25 years	10.36	10.39	10.39	10.72 29/1	10.03 2/1
4	Medium	5 years	11.43	11.46	12.00	12.39 28/1	11.14 9/1
5	Coupons	15 years	10.94	10.99	11.35	11.63 28/1	10.79 18/4
6		25 years	10.50	10.54	10.63	10.97 29/1	10.29 15/4
7	High	5 years	11.52	11.55	12.10	12.53 28/1	11.30 9/1
8	Coupons	15 years	11.11	11.15	11.50	11.76 28/1	10.94 18/4
9		25 years	10.67	10.70	10.71	11.03 29/1	10.36 9/1
10	Irredeemables	†	10.14	10.14	10.31	10.49 28/1	9.90 31/12
11	Debs &	5 years	11.92	11.91	12.52	12.63 29/1	11.73 2/1
12	Loans	15 years	11.76	11.76	12.25	12.37 29/1	11.67 19/4
13		25 years	11.61	11.62	12.09	12.37 29/1	11.47 19/4
14	Preference		12.52	12.52	13.07	13.11 24/1	12.52 31/5

BRITISH GOVERNMENT INDEX—LINKED STOCKS

8	All stocks	110.67	+0.07	110.59	—	3.36

15	Inflation rate	5%	3.60	3.60	3.61	3.60 20/5	3.11 11/3
16		10%	3.41	3.41	3.43	3.41 31/5	2.94 11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
Constant Change: Barlow Holdings (70) has been deleted and has not been replaced.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Bestobell	241	+10	Our Price	520	+25
Evered	278	+14	Rowntree Mackintosh	432	− 8
Falcon Resources	310	−15	Spear and Jackson	172	+ 2
Geers Gross	108	−20	Tate and Lyle	462	+ 7
Heath (C. E.)	640	+13	Tomkins (F. H.)	202	+10
Hill Samuel	298	− 2	Union Discount	695	−10

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Utd Scientific	18	213	+ 7	Rowntree Mack	10	440	− 2
ICI	17	778	+11	Falcon Res	14	325	−10
Beecham	16	377	+12	Meggitt	14	106	+12
Evered	16	264	+10	BAT Inds	13	310	− 3
Thorn EMI	10	463	− 2	Boots	13	194	+ 1
Vickers	16	295	− 2	Sound Diff	13	105	+ 5
Debenhams	15	386	− 2	BP	12	528	+ 3

4-DAY ACTIVE STOCKS

Based on bargains over the four-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Thorn EMI	96	463	+13	BP	62	528	−10
Debenhams	81	386	+18	Plessey	62	148	—
ICI	76	778	+25	Vickers	81	295	−39
Brit Telecom	68	197	+ 3	Boots	60	194	+ 2
BAT Inds	67	310	− 6	Shell Trans	59	697	−10
Etam	63	190	−14	Utd. Scientific	53	213	+43
Brit Aerospace†	62	223	− 2	Beecham	68	377	+12

† Partly-paid

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (87)

BRITISH FUNDS (19)
CORPORATION LOANS (2)
GLC 6¼pc 1990-92 LCC 5¼pc 1988-90
COM'WEALTH & AFRICAN LOANS (2)
S. Rhod. 3½pc 1050- S. Rhod. 4½pc 1087-
1985 Asstd. 1992 Asstd.
AMERICANS (1)
Allegheny Wstrn. En'gy
BANKS (3)
Bank of Ireland Deutsche Bank
Commerzbank
BREWERS (3)
Guinness Wolv'hampton Dudley
Whitbread A
BUILDINGS (8)
Costain Newarthill
Galliford Raine Inds.
Hewden-Stuart Tilbury
Lovell (Y. J.) Vectis Stone
CHEMICALS (1)
Laporte Inds.
STORES (13)
Body Shop Intl. Moss Bros
Brown (N.) Our Price
Dixons Group Owen Owen
Ford (Martin) Raybeck
Freemans Time Prods.
Grattan Ward White
Martin (A.)
ELECTRICALS (1)
Arlen Elect.
ENGINEERING (8)
APV Laird
Brown & Tawse Tex Abrasives
Edbro United Wire
GEI Intl. Vosper
FOODS (5)
Argyll Group Carr's Milling
Avana Matthews (B.)
Batleys of Yorkshire
HOTELS (1)
Midsummer Inns
INDUSTRIALS (3)
Appledore (A. & P.) Polymark
Evered Reed Intl.
GR (Hldgs. Stocklake
Pentland Inds. Wolseley-Hughes
INSURANCE (2)
Britannic Lon. Manch. Gp.
LEISURE (1)
Pleasurama 7pc Cnv. Cum. Red. Pref.
NEWSPAPERS (1)
Independent
PROPERTY (3)
Hailwood Tops Estates
Mountleigh
SHOES (1)
FII Group
TRUSTS (2)
Rights & Issue Cap. Plan Invest
OVERSEAS TRADERS (1)
First Pacific Intl.
MINES (1)
Slimmer & Jack

NEW LOWS (56)

FOREIGN BONDS (1)
Chinese 5pc 1012
AMERICANS (3)
CityFed Fin. Cullinet Software
CANADIANS (1)
Bow Valley
BANKS (4)
Ansbacher (H.) Mercury Secs.
Clive Discount Smith St. Aubyn
STORES (2)
Greenfield Blacks Steinberg
ELECTRICALS (9)
Bowthorpe Norbain Elect.
CPS Computer Plasmec
Continental M'wave Plessey
MMT Computing STC
Mellerware Intl.
FOODS (2)
Barr (A. G.) Tavener Rutledge
INDUSTRIALS (7)
Assoc. Energy Fitzwilton
Butlers Kean & Scott
CSR Staffs. Potteries
Eleco
LEISURE (1)
Tottenham Hotspur
PAPER (1)
Geers Gross
PROPERTY (3)
Hammerson A Laing Props. 5½pc
London Securities Ln 2000-08
SHIPPING (1)
Lon. O'seas Frghtrs.
TEXTILES (1)
Lister
TOBACCOS (1)
BAT Inds.
TRUSTS (4)
Cambrian Gnl. Cap. Gresham House
Fleming Japanese Ashingworth
OILS (5)
Churchill Resources Oliver Prospecting
Crusader Oil Santos
New London Oil Warrior Resources
MINES (10)
Blyvooruitzicht Gt. Victoria Gold
Stilfontein Kia Ora Gold
Anglo-Amer. Gold Meekatharra
Balmoral Resources MIM Hldgs.
Eastern Petroleum Petaling Tin

MONTHLY AVERAGES OF STOCK INDICES

	May	April	March	February
Financial Times				
Government Securities	80.76	81.36	80.40	79.71
Fixed Interest	86.55	85.78	84.10	83.97
Ordinary	1005.8	969.0	987.4	970.5
Gold Mines	481.3	518.1	480.0	481.5
Total Bargains	28040	25,301	26,240	35,049
F.T. — Actuaries				
Industrial Group	660.77	634.19	633.81	635.16
500 Share	703.40	677.94	680.94	671.87
Financial Group	470.78	464.35	452.57	442.40
All-Share	635.44	615.73	630.06	614.51
FT-SE 100	1256.0	1266.6	1290.6	1277.0

	May High	May Low
Ordinary	1029.3 (15th)	978.4 (1st)
All-Share	642.98 (22nd)	600.60 (1st)
FT-SE 100	1349.4 (10th)	1301.0 (1st)

†Corrected figure

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7

For rate indications see end of Share Information Service

Stock favoured for the call included C. H. Bailey, Acorn Computers, FKI Electricals, Oliver Prospecting, Energy Capital, T. Cowie, Falcon Resources, John Menzies, Habit Precision Engineering, Atlantic Resources, GKN, Tranwood, ML Holdings, RTZ, Grovebell, Plessey and Brengreen. Puts were taken out in Falcon Resources and Barker and Dobson. No doubles were reported.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	79	2	26	402	24	144
Corporations, Dom. and Foreign Bonds	15	0	53	59	22	224
Industrials	250	339	865	996	1,346	3,324
Financial and Props.	71	82	362	276	471	1,445
Oils	15	39	72	78	154	277
Plantations	1	1	11	3	[illegible]	[illegible]
Mines	11	63	81	63	[illegible]	[illegible]
Others	56	36	45	253	[illegible]	[illegible]
Totals	488	630	1,620	1,887	2,553	6,480

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced. Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

: Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable in London)

CORP. STOCKS—FOREIGN

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Acorn Secs 17⊕ (28/5)
Ahold NV £50¼ (29/5)
Alliance Oil Devel 57⊕ (29/5)
Amatil 255 (29/5)
Ampol 98 (24/5)
Ampol Exploration 134⊕ (28/5)
Amsterdam-Rotterdam Bk £17.65⊕ (24/5)
Amoco Corp £50¼ (28/5)
Apple Computer £13⅛ (28/5)
Ashton Mining 52
Assoc Manganese Mines SA £35 (29/5)
Atlantic Richfield £48 (20/5)
Apcochs Inv 15A1 241⊕ (28/5)
Aust Guarantee Corp 127 (29/5)
Aust Motor Inds 120 (28/5)
Aust National Inds 150 (28/5)
Basic Res Bahnmns 105
Bayerische Motoren Werke £101⊕ (29/5)
Beach Pet 39 (24/5)
Beaver Res 375⊕ (29/5)
Berjuntai Tin Dredg 107⊕ 5

...

Penney (J. C.) £39¼
Pepsico £44¼ (29/5)
Petro Energy 8 (29/5)
Phillips Pet £30⅜
Pioneer Concrete Svcs 88 90 (28/5)
Pittston 912½
Planet Res 4 (29/5)
Poseidon 219:
Power Corp Canada £10
Raytheon £35⅞ 8½
Regal Hotels Hldgs 14⊕ ½
Revlon £52⊕
Rowan 74⊕ (24/5)
Safmarine Rennies Hldgs 610⊕ (29/5)
Searle (G. D.) £44⊕ (20/5)
Selangor Coconuts 95 (29/5)
Shell Canada A £15⅞
Siemens £141 (29/5)
Southwest Gold Mines 1¼
Square Gold Mins 10
Sterling Drug £24⅞ (24/5)
Stirling Pet 21⊕ ¼⊕
Stone Webster £31 (29/5)
Sydney Devel Grp 12
Sydney Oil 14 (29/5)
Tandem Res 105⊕ (29/5)
Tandy Corp £24⅞ (28/5)
Teck Corp B 720 37½
Terrax Res 18 ½ 20
Thames Mining 15: ½ ¼ ½ ¼ ⅜ ⅛ 16 ½
Tri-Continental £21⊕
Unilever (Fl 20) £78.45⊕ 78.90 (28/5)
Union Pacific £58⅞ (29/5)
United Plantations 134 6 (28/5)

...

Murgana Mines 107 (29/5)
NZ Forest Prods 105 (24/5)
National Electronics 0 ¼ ¼
Nationale-Nederlanden (Fl 2.5) £16.10⊕
Negri River 52⊕ 1
New World Devel 71½ (29/5)
Newmont Mining £34¾
Nicholas Kiwi Aust 03
Noranda 812½
North Flinders Mines 92⊕ (28/5)
Oil Search 18 ½ 19
Oilmet Res 15⊕
Pancontinental Pet 14½⊕
Pancontinental ePt Options 30/6/85 2½

Wynnstay Props 125

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(None)

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

May. 31 Total contracts 3,972 Calls 1,972 Puts 2,000

*Underlying security price.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: Unavailable

A=Ask B=Bid C=Call P=Put

CONTRACTS

British company to build exchanges in Kenya

COMMUNICATION SUPPLIES, a privately-owned British Telecommunications supply company (CSL), has won its first export contract for £4.8m with Kenya Post and Telecommunications Corporation. CSL will supply UXD5 digital automatic rural telephone exchanges and related equipment. The exchanges will be manufactured under an arrangement with British Telecom and installed with its technical assistance. The UXD5 exchanges form the first stage in Kenya's telecommunications development programme aimed at opening up rural areas.

★

KENT PROCESS CONTROL, Introl Valves, a Brown Boveri Kent company, has won an order worth over £500,000 to supply control valves for Marathon Oil's Brae "B" platform in the North Sea. The order covers about 100 valves, in a range of sizes up to 16 in, and pressure ratings up to API 10,000. Some will be manufactured in special materials such as Alloy 20, to cope with the corrosive nature of the hydrocarbon mix from this field. The valves will be used in the Brae "B" topsides process facilities when the platform enters service in late 1988.

★

Grain handling specialists **SEED AND CEREAL SERVICES (YORK)** has been awarded an order worth in excess of £220,000 by Swarland Grain Driers, Edinburgh, to design, supply and install one of its Cimbria grain drying systems to serve phase one of a new barley storage complex with provision for expansion. The system will be capable of intaking and cleaning all varieties of grain at high capacities prior to its being dried no the fully-automated drier, equipped with the latest in dust collection equipment.

★

IVCO PROCESS VALVES, distributor of valves and associated equipment, has been awarded a contract to supply around 1500 Worcester series 44 and 45 stainless and Carbon steel ball valves for the new blood products manufacturing unit at Elstree in Hertfordshire. The contract was placed by Matthew Hall Norcain Engineering of Southampton, the managing contractor for the project. Ranging in size from ½ in to 10 in, the valves will be used on blood related products.
on blood related products process lines, and the steam, air and water lines that service the plant.

★

The Ministry of Defence has awarded **THORN EMI VARIAN** a contract to supply receiver equipment for use in electronic gathering (ELINT) systems. The contract, worth some £500,000 for the supply of complete receiver sub-systems, with spares, and will form the front end of a system designed to detect radar signals for subsequent analysis. These sub-systems consist of a controller, an automatic synchroniser and six microwave downconvertors. Each provides a high speed, linear sweeping capability and automatic selection of a fixed frequency in the range 1 GHz to 12 GHz with synthesiser accuracy and stability. Thorn EMI Varian is jointly owned by Thorn EMI Electronics and Varian Associates of the U.S.

★

West Yorkshire-based electrical crane manufacturer, John Smith (Keighley), a member of the Norcros Group, has won contracts worth over £1m from British Nuclear Fuels (BNFL). Four cranes are to be built for delivery to Sellafield during 1986, which will be used in the thermal oxide reprocessing plant now in the early stages of construction. The four cranes, which are all of the electrical overhead travelling type, have been designed to meet the required safety standards for BNFL plants. At all stages, the work on the cranes will come under the close scrutiny of both John Smith (Keighley) and BNFL inspectors.

★

AUSTIN HALL CONSTRUCTION, a subsidiary of Pestos, has won two school projects, both design and build contracts, at Farringtons Girls School, Chislehurst, Kent, and Croham Hurst Girls School for the Methodist College and Schools Trust, valued at £300,000. The new sports hall and music complex at Croham Hurst Girls School is valued at £214,000. Both are scheduled for completion in time for the summer term.

★

WARES CONSTRUCTION (Integration Construction Holdings), has been awarded the following contracts: A group practice medical centre at Ball Hay Road, Leek, Staffordshire, for Dr N. C. Rowley and MEP Porchoret worth £175,000 and construction of 22 flats and communal facilities and the conversion of Doxey House to form two wardens' houses at Doxey, Stafford, for Stafford Borough Council for £570,000.

★

DELTA PLANT—in a comprehensive turnkey package—is to supply and erect two Peiner tower cranes in Egypt for Christiani and Nielsen, which has won the £34m contract No. 1 for the waste water facility in Cairo. One of the Peiner SK 135-02 cranes supplied gives 21 metres under the hook and is fitted with a 45 metre jib with SWL of 2750 kgs at 45 metres. The second Peiner SW 280-05 crane gives 22 metres under the hook and is fitted with a 60.8 metre jib giving an SWL of 3750 kgs at 60.8 metres.

★

Planning the largest Digiform laser scanning and design composition system yet installed in the UK, Ken Stokes Business Forms has placed a £180,000 upgrade order with **HARRIS GRAPHICS** of Slough, Bucks. Adding to an early Digiform computerised composition system, installed four years ago, Ken Stokes is installing a D3500 red laser form setter and a 1MByte DEC PDP 11/44 minicomputer with 20 MBytes of Winchester disc drive for the online storage of 2,000 forms orders and the full range of 36 fonts. Harris will also supply a GT350 16 colour interactive display with joystick controller and two additional DT110 on-line composing terminals.

★

THORN EMI ELECTRONICS has been awarded a £250,000 contract by British Rail to supply transformer/rectifiers for seven sub-stations on the Southern Region rail network, as part of the Tonbridge to Hastings railway line electrification. The order covers the supply, installation and commissioning of 1.5 MW, 750V dc transformers, rectifiers and associated equipment for the seven sub-stations.

★

BARRETT AND WRIGHT has received orders in excess of £1.75m. They include an order from Wates Construction valued at £1m for services to a new boilerhouse at the North Middlesex Hospital of the North East Thames Regional Health Authority, and three new supermarkets for J. Sainsbury at Redhill, Stevenage and Ilford, respectively.

AUTHORISED UNIT TRUSTS & INSURANCES

252, High Holborn, WC1V 7EB.

[illegible]

Perpetual Unit Trust Mngmt.
[illegible]

Prolific Unit Trusts
[illegible]

Providence Capital Fd. Mgrs. Ltd.
[illegible]

Prudential Unit Trust Mngrs. Ltd.
[illegible]

Quilter Management Co. Ltd.
[illegible]

Reed Stenhouse Inv Services Ltd
[illegible]

Reliance Unit Mgrs. Ltd.
[illegible]

Ridgefield Management Ltd.
[illegible]

N.M. Rothschild Asset Management
[illegible]

Rowan Unit Trust Mngt.
[illegible]

Royal Life Fd. Mgmt. Ltd.
[illegible]

Royal London Unit Tst Mgrs Ltd
[illegible]

Royal Trust Cap. Fd. Mgt. Ltd.
[illegible]

SKG Management Limited
[illegible]

Save & Prosper Group
[illegible]

Schroder Unit Trust Managers Ltd.
[illegible]

Scottish Equitable Fund Mgrs. Ltd.
[illegible]

Scottish Life Investments
[illegible]

Scottish Mutual Investment Managers Ltd.
[illegible]

Scottish Provident Inv. Mgt. Ltd.
[illegible]

Scottish Unit Managers
[illegible]

Scottish Widows' Fund Management
[illegible]

Standard Life Trust Mngt. Ltd.
[illegible]

Stewart Unit Tst. Managers Ltd.
[illegible]

Sun Alliance Fund Management Ltd.
[illegible]

Sun Life Trust Mngt. Ltd.
[illegible]

Swiss Life Pen. Tst. Man. Co. Ltd.
[illegible]

TSB Unit Trusts
[illegible]

Target Trust Mngrs. Ltd.
[illegible]

Temple Bar Unit Trust Mgrs Ltd
[illegible]

Touche, Remnant Unit Trust Mngt. Ltd.
[illegible]

Trades Union Unit Trust Managers
[illegible]

Transatlantic and Gen. Secs. Co.
[illegible]

Tyndall Managers Ltd.
[illegible]

Unit Trust Account & Mgmt. Ltd.
[illegible]

Vanguard Trust Managers Ltd.
[illegible]

Wardley Unit Trust Managers Ltd
[illegible]

Waverley Asset Management Ltd
[illegible]

Whittingdale Unit Trust Managers
[illegible]

Wright Seligman Fund Managers Ltd.
[illegible]

INSURANCES

AA Friendly Society
[illegible]

Abbey Life Assurance Co. Ltd.
[illegible]

Acorn Mortgage Life Insurance Co. Ltd
[illegible]

Albany Life Assurance Co. Ltd.
[illegible]

Ambassador Life Ass. Co. Ltd.
[illegible]

Barclays Life Assur. Co. Ltd
[illegible]

Black Horse Life Ass. Co. Ltd.
[illegible]

British National Life Assurance Co. Ltd
[illegible]

Canada Life Group
[illegible]

Cannon Assurance Ltd.
[illegible]

Chieftain Assurance Funds
[illegible]

City of Edinburgh Life Assurance
[illegible]

City of Westminster Assurance
[illegible]

Clerical Medical/Fidelity International
[illegible]

Clerical Medical Managed Funds Ltd
[illegible]

Colonial Mutual Group
[illegible]

Commercial Union Group
[illegible]

Confederation Life Insurance Co.
[illegible]

Continental Life Insurance PLC
[illegible]

Cornhill Insurance PLC
[illegible]

Credit & Commerce Life Ass. Ltd.
[illegible]

Criterion Assurance Group
[illegible]

Crown Financial Management Ltd.
[illegible]

Crusader Insurance PLC
[illegible]

Eagle Star Insur/Midland Assur.
[illegible]

Equitable Life Assurance Society
[illegible]

Equity & Law
[illegible]

Family Assurance Society
[illegible]

Federation Mutual Insurance Ltd.
[illegible]

Framlington Life Insurance Ltd.
[illegible]

Friends' Provident Life Office
[illegible]

G.T. Management Ltd.
[illegible]

General Accident Linked Life Assurance
[illegible]

Assicurazioni GENERALI S.p.A.
[illegible]

General Portfolio Life Ins. PLC
[illegible]

Gresham Life Assurance
[illegible]

Growth & Sec. Life Ass. Soc. Ltd.
[illegible]

Guardian Royal Exchange
[illegible]

GRE Pension Management Ltd.
[illegible]

Hambro Life Assurance P.L.C.
[illegible]

Hearts of Oak Benefit Society
[illegible]

Henderson Administration
[illegible]

Hill Samuel Life Assur. Ltd.
[illegible]

Imperial Life Ass. Co. of Canada
[illegible]

Imperial Life (UK) Ltd.
[illegible]

Irish Life Assurance Co. PLC.
[illegible]

The LAS Group
[illegible]

Langham Life Assur. Co. Ltd.
[illegible]

Legal & General (Unit Assur.) Ltd.
[illegible]

Legal & General (U.A.)—Contd.
[illegible]

Legal & General Prop. Fd. Mgrs. Ltd.
[illegible]

Liberty Life Assurance Co Ltd
[illegible]

Life Assur. Co. of Pennsylvania
[illegible]

Lloyds Life Assurance
[illegible]

London A'dees & Nthn. Mtl. Assur. Ltd.
[illegible]

London Indemnity & Gnl. Ins. Co. Ltd
[illegible]

London Life
[illegible]

London & Manchester Group
[illegible]

M & G Group
[illegible]

MGM Assurance
[illegible]

Manufacturers Life Insurance Co (UK)
[illegible]

Merchant Investors Assurance
[illegible]

Municipal Life Assurance Ltd
[illegible]

NEL Pensions Ltd.
[illegible]

National Mutual Life
[illegible]

National Mutual of Australasia
[illegible]

National Provident Institution
[illegible]

New Zealand Insurance PLC
[illegible]

Norwich Union Insurance Group
[illegible]

Pearl Assurance (Unit Funds) Ltd.
[illegible]

Phoenix Assurance Co. Ltd.
[illegible]

Pioneer Mutual Insurance Co. Ltd.
[illegible]

Planned Savings Management Ltd.
[illegible]

Premium Life Assurance Co. Ltd.
[illegible]

Property Equity & Life Ass. Co.
[illegible]

Property Growth Assur. Co. Ltd.
[illegible]

Property Growth Pensions & Annuities Ltd.
[illegible]

Providence Capital Life Assur. Co. Ltd.
[illegible]

Provident Life Assoc of London Ltd
[illegible]

Provident Mutual Life Assc. Assn.
[illegible]

Provincial Life Assurance Co. Ltd.
[illegible]

Prudential Assurance Co. Ltd.
[illegible]

Prudential Pensions Limited
[illegible]

Reliance Mutual
[illegible]

Royal Life Insurance Ltd.
[illegible]

Save & Prosper Group
[illegible]

Schroder Life Assurance Ltd.
[illegible]

Scottish Amicable Investments
[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Equitable Life Assce. Soc.
31, St Andrew Sq, Edinburgh. 031 556 9101

Mixed	215.2	226.6	+0.2	—
Equity	241.2	253.9	+0.3	—
Property	119.7	126.0	+1.2	—
Fixed Interest	127.6	134.4	+0.2	—
International	223.9	235.7	....	—
Index Linked	108.8	114.6	....	—
Cash	119.85	126.15	+0.04	—
Edinburgh Inc.	114.2	120.3	+0.5	—
Edinburgh American	113.3	119.3	....	—
Baillie Gifford Japan	103.6	109.1	-0.4	—

Scottish Life Investments
19 St Andrew Square, Edinburgh. 031-225 2211

Property	104.6	110.2	....	—
UK Equity	125.1	131.7	-0.2	—
American	132.5	139.6	....	—
Pacific	101.7	107.2	-1.1	—
European	117.7	124.0	+0.4	—
International	116.1	122.3	-0.4	—
Fixed Interest	100.8	106.2	+0.1	—
Index Linked	101.0	106.4	....	—
Deposit	102.4	107.9	....	—
Managed	111.7	117.7	-0.2	—
Pens. Property	108.3	114.1	....	—
Pens. UK Equity	132.9	139.9	-0.3	—
Pens. American	140.6	148.1	....	—
Pens. Pacific	103.7	109.2	-1.3	—
Pens. European	122.9	[illegible]	+0.8	—
Pens International	121.6	[illegible]	-0.5	—
Pens. Fixed Int.	103.5	[illegible]	+0.1	—
Pens. Index Linked	103.6	109.1	....	—
Pens. Deposit	107.6	[illegible]	....	—
Pens. Managed	116.2	122.4	+0.2	—

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow. 041-248 6321

Pen Exd April 20	419.4	436.6	....	—
Pen Magd April 20	421.8	434.8	....	—

Scottish Mutual Investments
109 St Vincent St., Glasgow. 041-248 6100

Safety Fund	95.3	100.4	+0.2	—
Growth Fund	95.1	100.2	-0.1	—
Opportunity Fund	95.3	100.4	-0.1	—
Cash Fund	95.0	100.1	....	—
European Fund	94.7	99.7	-0.3	—
Gilts & Fxd Int Fund	95.7	100.8	+0.3	—
Index-Linked Fund	95.0	100.1	-0.1	—
International Fund	94.0	99.0	-0.2	—
North American Fund	94.0	99.0	+0.6	—
Pacific Fund	93.4	98.4	....	—
Property Fund	95.0	100.1	....	—
UK Equity Fund	95.4	100.5	-0.2	—

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL. 0272 426911

Managed Acc.	319.9	[illegible]	-0.2	—
Property Acc.	196.7	[illegible]	....	—
Equity Acc.	446.5	[illegible]	-0.2	—
Fixed Interest Acc.	280.6	[illegible]	+0.4	—
Index-Linked Acc.	104.4	[illegible]	+0.1	—
Cash Acc.	165.5	[illegible]	+0.1	—
American Equity Acc.	182.5	[illegible]	-0.4	—
U.S. Bonds Acc.	109.3	115	....	—
Japan Acc.	112.1	118	-0.8	—
Pacific Acc.	108.5	[illegible]	-0.5	—
Far Eastern Acc.	241.7	[illegible]	-0.9	—
International Acc.	227.6	[illegible]	+0.3	—
U.S. Dollar Acc.	103.7	[illegible]	+0.3	—
Yen Acc.	96.6	[illegible]	+0.1	—
European Currency Acc.	[illegible]	[illegible]	-0.2	—
Distribution	143.0	[illegible]	-0.2	10.05

Sun Life Pensions Management Ltd
(funds for individual pension contracts)

Pens. Managed Acc.	315.5	[illegible]	-0.3	—
Pens. Property Acc.	159.6	[illegible]	....	—
Pens. Equity Acc.	405.5	[illegible]	+0.4	—
Pens. F. Interest Acc.	171.9	[illegible]	....	—
Pens. Ind. Lnkd. Acc.	105.7	[illegible]	....	—
Pens. Cash Acc.	166.9	[illegible]	+0.1	—
Pens. Amer. Equity Acc.	151.1	[illegible]	-0.8	—
Pens. U.S. Bonds Acc.	129.4	[illegible]	....	—
Pens. Japan Acc.	112.3	[illegible]	-1.2	—
Pens. Pacific Acc.	128.6	[illegible]	-0.4	—
Pens. Far Eastern Acc.	359.2	[illegible]	-1.7	—
Pens. Internat. Acc.	289.1	[illegible]	-1.2	—
Pens. U.S. Dollar Acc.	109.4	[illegible]	+0.4	—
Pens. Yen Acc.	99.2	[illegible]	+0.3	—
Pens. Euro. Curr. Acc.	94.3	[illegible]	-0.2	—

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks. 0732-450161

Equity	£174.43	179.82	....	—
Fixed Int.	£127.03	127.66	....	—
Index Linked	£109.09	109.43	....	—
Property	£148.40	149.09	....	—
Cash	£116.78	116.78	....	—
Mixed	£160.44	165.40	....	—
International	£120.76	124.40	....	—

Next sub day June 5

TSB Life Ltd
PO Box 3, Keens Hse, Andover, Hants SP10 1PG 0264 62188

Managed Fund	120.0	126.4	-0.2	—

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.63	—	+0.08	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.14	—	-0.09	—
Dynamic Gwth Fd	$8.25	—	-0.05	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB. 01-588 1815				
Deposit	12.3	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.69	9.44	14.01	6mth
7-day Fnd	12.85	9.59	14.26	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.13	9.07	13.38	6-Mth
7-day Fund	12.34	9.22	13.60	6-Mth
Dollar	6.50	—	—	6-Mth
Money Mngt. Acct.	12.00	8.97	13.43	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc.	12.25	8.75	13.09	Qtr
Allied Home 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	12.50	9.34	14.03	Qtr
Mth. Int. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	12.05	9.00	13.40	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.06	9.02	13.42	Mth

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for September 1984: 359.5 and for April 1985: 373.9.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
27⅞	16¼	Amer Medical Int $1	18¼	–⅝	60c	—	2.5
59¾	52	Amer. Nat. Res. $1	51¼xd	....	h$1.41	—	2.1
20⅝	16¼	American T. & T $1	19¼	+⅞	$1.20	—	4.9
79½	64¼	Ameritech $1	70½	....	$6.00	—	6.7
25	16	Amfac	20¼	....	$1.44	—	5.4
47p	29p	¶AridTech	40½p	....	—	—	—
18½	15	Bankamerica $1½	17¼	+⅛	$1.52	—	7.0
60½	47	Bankers N.Y. $10	55¾xd	+¾	$2.70	—	3.8
12¼	829p	BASIX Corp	925p	–11	12c	—	—
80¾	65½	Bell Atlantic $1	70½	....	$6.80	—	7.6
34¼	28¼	Bellsouth $1	31⅛	....	$2.60	—	6.6
19¼	12⅞	¶Beth Steel $8	13½	....	40c	—	2.3
24	16⅝	Bowater Inc.	17⅞	....	72c	—	3.2
40½	31¾	Brown'g-Fer. 16⅔c	36	....	$1.08	—	2.4
37¼	26¼	Brunswick Corpn.	29¼	....	$1.00	—	2.7
525p	310p	¶Business Computer	337p	....	—	—	—
37⅞	31¼	CPC Intnl. 25c	33⅞xd	–⅛	$2.20	—	5.1
23	18⅞	CSX Corp U.S.$1.00	20⅞xd	....	$1.04	—	3.9
17⅞	13	CalFed Inc $1.00	16½xd	....	32c	—	1.5
65⅛	53⅝	Campbell Soup 60c	54½	–1	$2.50	—	3.6
51¼	24⅝	Caterpillar Tractor	27⅝xd	....	50c	—	1.4
902p	680p	Cenergy Corp. 25c	756p	–11	1c	—	0.1
52¼	40⅝	Chase M'htn $12.5	46⅞xd	–½	[illegible]	—	6.4
38⅛	29⅝	Chemical New York	33⅛	....	[illegible]	—	5.6
34½	25¼	Chesebrough-Pond's $1	27⅞	....	[illegible]	—	3.3
32½	25⅞	Chrysler $6¼	28¾	+½	[illegible]	—	2.7
42⅞	32⅞	Citicorp $4	38¼	....	[illegible]	—	4.6
900p	820p	City Fed Fin. Corp.	885p	+8	[illegible]	—	3.8
23½	19¼	Colgate-P. $1	19⅞	....	[illegible]	—	5.2
57⅞	44	Colt Inds. $1	47½	+⅞	[illegible]	—	4.1
155p	40p	Cont Illinois Hldgs $1	60p	....	—	—	—
238p	100p	¶Corporate Data Scnce.	218p	....	—	—	—
36¼	28½	Crown Zell. $5	32½	....	[illegible]	—	2.4
44¼	20⅝	Cullinet Sftwr $0.1	23	–½	—	—	—
506p	304p	Damson Oil 40c	348p	–1	—	—	—

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	.....	Arnott	175xd	.....
Craig & Rose £1	£9	.....	CPI Hldgs	50	.....
Finlay Pkg. 5p	61xd	.....	Carroll Inds.	122	-2
Higsons Brew	225	.....	Dublin Gas	53	.....
Holt (Jos) 25p	740xd	.....	Hall (R. & H.)	55	.....
IoM Stm. £1	90	.....	Helton Hldgs.	20	.....
IRISH			Irish Ropes	45	.....
Fund 11¼% 1993	£96½	.....	Jacob (W. & R.)	80	.....
Nat. 9¾% 84/89	£90¾	+⅛	Unidare	95	.....
Fin. 13% 97/02	£100¼	+1			

OPTIONS—3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	Property	
BTR	52	ICI	60	Brit Land	22
Babcock	14	'Imps'	10	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	Oils	
Brit Aerospace	33	Lucas Inds.	25	Brist. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	6	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd.	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	Mines	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	48
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 12

FINANCIAL TIMES
Saturday June 1 1985

British Steel subsidy in jeopardy

BY IAN RODGER

STATE aid for British Steel and some other European steelmakers may be in jeopardy because their governments failed to meet yesterday's deadline for submitting restructuring plans to Brussels.

This is because of an indication this week that the European Court will soon rule that deadlines set by the European Commission must be respected.

The court's advocate general, whose view is usually accepted by the full court, was commenting on a case brought by the West German Government two years ago, contesting the commission's acceptance of applications for steel subsidies made after a previous deadline in September, 1982.

The full court's decision is not expected until the autumn.

It was not clear last night how many of the four EEC governments seeking further steel aid—Britain, France, Italy and Belgium—had met the deadline. Commission officials refused to say what applications had been received.

The British Government did not meet the deadline because it has not sorted out the politically delicate problem of which, if any, British Steel mills should be closed. France is in a similar position. The Italian Government said it had met the deadline and the Belgian Government was considering the steel issue yesterday.

The deadline was set by EEC Industry ministers in March. *Under the commission's eight*-year-old steel restructuring plan, all state aids are to be eliminated at the end of this year. However, ministers recognised that steel industries in certain member countries needed more help, and set the May 31 *deadline* for final aid applications. They also ordered the commission to decide by August t whether the plans were sufficient to put the companies back on their feet.

France and Italy need the most help. The Italian state producer, *Finsider, has applied* for more than L4,500bn (£1.8bn) in subsidies. The commission had strong doubt about the dequacy of French proposals earlier this year. A firm of management consultants has been retained to give an independent view.

The British Government has not submitted the initial BSC restructuring plan due a year ago. The commission agreed to a postponement then because the long-term effect of the miners' strike on BSC was unclear.

However, two months after the strike, no decision is in sight. One problem is BSC's desire to close one of its three strip mills. Because of the loyalty of steelworkers during the pit strike, the Government is reluctant to agree. BSC has *also* claimed that, but for the strike, it would have made a small profit last year.

The Government and BSC have wanted to see the post-strike trading pattern before deciding about the group's future. If BSC has returned *to profitability, its* need for further subsidy may be modest.

Whatever happens on this issue, it is accepted that the plan to remove other commission measures to prop up the EEC steel market at the end of this year cannot be adhered to.

Depite the closure of 28m tonnes of EEC steel capacity, 17 per cent of the total, in the past five years, the remaining 140m tonne capacity is far in excess of demand, currently about 100m tonnes. The commission proposed last month that another 25m tonnes be removed by 1990.

Mr Heinz Narjes, EEC Industry Commissioner, has accepted the need to maintain some of the current measures which control output, imports, national market shares and prices in key product areas.

Industry ministers will meet next month to discuss the post-1985 regime. Most steelmakers would prefer the current measures to remain unchanged for a year or two.

Krupp spell out merger doubts, Page 9

Plessey moves to curb U.S. losses

By Guy de Jonquieres

STROMBERG-CARLSON, Plessey's U.S. telecommunications equipment subsidiary, has laid off 190 of its 1,800 employees as part of a reorganisation intended to stem losses which totalled about $25m (£19m) last year.

Plessey hopes the actions will reduce Stromberg-Carlson's annual costs by about $10m. However, it still expects the U.S. company to make a loss of as much as $12m this year, and does not expect it to return to profit until 1987.

Plessey also expects to start adapting System X, the digital telephone exchange which it supplies to British Telecom, to the U.S. market. It estimates that this could cost between £25m and £60m.

The adaptation, which would have to be largely completed by the end of 1987, would be aimed at satisfying the requirements of the U.S. Bell System local telephone companies, many of which want exchanges with greater capacities than Stromberg-Carlson's existing products offer.

To cut costs, Plessey has merged the development, engineering and sales operations of Stromberg-Carlson's public telecommunications and private telephone systems divisions. The premises occupied by the latter have been closed and almost all its 90-strong sales force have been laid off.

A number of development engineers in the public telecommunications unit have also been laid off, and plans to expand the capacity of Stromberg Carlson's Century public exchanges have been shelved.

The reorganisation follows a visit to the U.S. earlier this month by Sir John Clark, Plessey's chairman, and Mr Frank Chorley, head of telecommunications business.

Plessey announced last week that its pre-tax profit fell £12.48m to £163.66m in the year to March. Its shares fell 6p on the London Stock Exchange yesterday to a new *1985* low of *142p*.

Plessey bought Stromberg-Carlson in 1982 for £33m. Its recent losses have been blamed partly on the cost of developing and marketing a range of new products in the U.S., including a small private branch exchange (PABX).

Many of Plessey's hopes for international expansion hinge on whether Stromberg-Carlson can win orders from the Bell System companies, which were spun off from American Telephone & Telegraph at the start of last year and serve 80 per cent of the U.S. population.

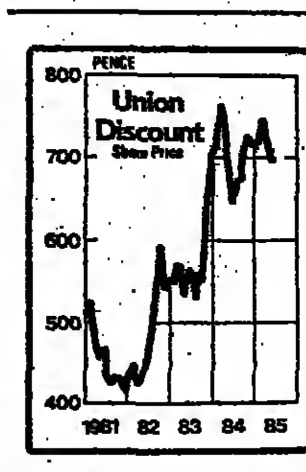
Most of Stromberg-Carlson's $120m public exchange sales are to smaller, independent telephone companies. It faces tough competition from AT&T and Northern Telecom of Canada, the market leaders, as well as from ITT of the U.S., Sweden's L. M. Ericsson, Siemens of West Germany, and Cit Alcatel of France.

THE LEX COLUMN

Honing the edge of a gilt-book

Neither the good weather nor the prospect of disappointing money figures could disturb the equanimity of the gilt-edged market last week. In a Bank holiday mood, gilts gained about a point and were supremely unruffled by the announcement of taplets yesterday afternoon. At last, the euphoria of Wall Street has started to percolate through to London.

Index fell 2.1 to 1002.5



Union Discount

Since they have decreed that the new gilt edged market will run on risk capital rather than collusion and that the discount houses shall be allowed to act in it as marke makers, it is only fair of the authorities to let the houses raise the necessary capital. Yet it is a touch unfortunate that this new requirement for quite large amounts of equity (to be separately dedicated to the underpinning of a gilt-edged book) has hit the discount market just after the most costly interest rates squeeze of recent years. Even canny operators who thought that interest rates had to rise a couple of points in January, to stop the pound from sliding, were generally caught out—by taking on fresh paper at 12 per cent when the interest rate was actually headed above 14.

In the case of Union, the second largest player in the discount market, the combination has provoked a call for a net £14.4m from shareholders who will presumably be happy enough forking out, to give the house its foothold in gilt-edged. That is not unreasonable, given Union's already increasing reliance on gilt-market profits and growing experience of making a market in the stock. And, dearly as Union might have wanted to emulate Gerrard, which is soldiering through on its own resources, to go to the shareholders was the only practical decision.

Hill Samuel

Hill Samuel is not the sort of bank to trail its profits cloak, but a 30 per cent increase in underlying income from merchant banking last year might alert even the tardiest financial services revolutionary. But for anyone still contemplating entering the game through acquisition, Hill Samuel is looking a bit of a mouthful: even after providing for Wood Mackenzie et al last year, Hill Samuel still has £30m to add to its resources and up to £40m to spread between its future market-making activities. Hill Samuel will probably scale its gilts-dealing book at some way below that of Union Discount—but with greater internal freedom to top it up.

UK merchant banking income might have been yet higher last year, had not British Airways crashed into the courts on its way to take-off. But if BA does get away in 1986, Hill Samuel will have established a position at the top end of the issues market to match its eminence in small business activity; and provided it can sell the U.S. software business (and its £1.25m in losses last year), Hill Samuel can surely prolong its growth record; after-tax profits of £38m look well in reach for this year.

Nabisco

Try to eat 10 home-made *chocolate chip cookies* in a *row* and the subsequent indigestion might feel much like the effect on R. J. Reynolds' of buying Nabisco. On Wednesday night, Nabisco shares were suspended in New York and soon the market was abuzz with rumours of a deal which would cost Reynolds $91 a share, or over $5bn for the whole company.

Though the sums seem huge, Reynolds might not find the acquisition so difficult. Like BAT, Reynolds is a tobacco company whose shares stand on a low multiple—around half that of Nabisco. This means that it cannot sensibly finance a takeover with paper. But making cigarettes is a heavily cash-generative business, so borrowing presents no problem; at the moment, Reynolds has no gearing at all. Anyway, it is not obliged to digest the whole of Nabisco in one sitting and could even choose to sell off bite-sized morsels.

The geographical fit seems good: Nabisco makes more of its money outside the U.S. than Reynolds does, and through Huntley & Palmer, has a strong presence in the UK. Buying Nabisco would also help Reynolds to diversify away from tobacco and alcohol. The only real question is whether Reynolds, or indeed any other bidder, could squeeze many more efficiencies out of Nabisco—after its recent restructuring, it looks in pretty good shape.

Easy pickings

The idea of an index fund, which moves up and down with the market, has never really caught on in the UK as it has in America—which is strange since fund managers are not better at outperforming the market here than they are across the Atlantic. In the year since the FT-SE future contract became available, brokers have been tantalised by the sight of an opportunity—which no fund manager seems willing to exploit—to guarantee a performance not just in line with the FT index, but a full 5 to 7 percentage points above it.

If a fund manager had sold the shares and instead bought a *FT-SE future* contract a year ago, rolling each contract over as it matured, the total return would have been 5¼ per cent more than investing in the constituents of the FT-SE index. The reason is that buyers of futures only have to put up a *small* proportion of the value of the contract in cash; the rest can be put on deposit in the money markets, earning two or three times the average return on equities. Yet the price of the contract does not reflect this higher income.

In a perfect market, this differential would have been mopped up by investors wanting tto improve their return. But that would be tantamount to accepting that stock-picking fund managers were no longer necessary. While this is so, the pride premium will remain.

China and BAe finalise £116m jet contract

By Michael Donne in Paris

BRITISH AEROSPACE, the aviation manufacturing group, has signed a definitive contract with the China Aviation Supplies Corporation for the purchase of 10 Type 146 86-seater regional jet airliners.

The contract, valued at $150m (£116m), was signed in Peking earlier this week. It follows the memorandum of understanding reached between the two parties in late April.

The BAe contract, one of the largest yet concluded between China and the UK, comes before the state visit to Britain next week of Zhao Ziyang, the Chinese Premier.

Deliveries of the four-engined 146s will start in June next year, and the aircraft will be used widely on internal Chinese air routes. The deal is expected to foreshadow further Chinese orders for BAe.

The Chinese airline, CAAC, has spent $1bn on aircraft already this year. It bought eight jets from Boeing of the U.S. earlier this month, nine TU-154s from the Soviet Union, 25 short-to-medium range MD-80s from McDonnell-Douglas, of the U.S., three wide-bodied A-310s from Airbus Industrie, and eight short-range 360s from Short Brothers of Belfast.

In Paris yesterday, Short Brothers unveiled an advanced and enlarged short-range turbo propeller airliner called the Shorts 450. The new design is for a 44- to 49-seat regional airliner. This will further extend the market scope of the company's aircraft, which already includes the 33-seat Type 330 and the 36-seat Type 360.

The company said technical, financial and market evaluations for the new project were well advanced and a positive launch decision for the aircraft could be taken before the end of this year so that the Type 450 could be airborne by the end of 1987.

Boeing sells jet airlines to Brunei, Page 2

Gemayel and Assad agree on plans to end Lebanon conflict

BY TONY WALKER IN DAMASCUS

SYRIA and Lebanon have reached a "new understanding" on ways to end Lebanon's ten-year long bitter sectarian conflict, according to an official close to Mr Amin Gemayel, the Lebanese president.

The agreement, details of which have yet to be disclosed, was worked out in five rounds of discussions here between President Hafez al Assad of Syria and President Gemayel.

A key element is understood to be an agreement for close co-ordination between Syrian forces and the Lebanese army to bring order to Lebanon.

The presidential discussions concluded late yesterday morning just as Shi'ite Moslem militiamen, besieging Palestinian refugee camps in Beirut, instituted a unilateral ceasefire after almost a fortnight's campaign.

Within hours, however, fresh fighting was again raging around the camps. Syria is still reluctant to send its army into Beirut to stop bloodshed in and around Palestinian refugee camps, according to the Lebanese government official.

There was strong speculation in the Beirut press yesterday that Syria was about to send a deterrent force into the Lebanese capital. But the Damascus position appears to be that it would not extend its military role in Lebanon unless such a move were within the framework of an overall security arrangement between rival Lebanese factions.

Syrian troops went into Beirut in 1976 under an Arab League mandate to end the 19-month-old civil war. They left after the Israeli invasion in 1982. ARbout 30,000 Syrian troops are now stationed in north Lebanon near Tripoli and in the Bekaa Valley in the east of the country.

Syria's military experience in Lebanon, like that of all other outside powers which have been involved, has been mostly negative, and this explains its reluctance to commit troops unless there is no alternative.

The Lebanese official said the Syrian and Lebanese leaders had agreed on a plan to bring peace to Lebanon based on far-reaching "political, constitutional, social and military reforms."

He described the agreement as "very important" for the future of Lebanon and predicted it would open a "new chapter" in Syrian-Lebanese relations.

Presidents Assad and Gemayel had discussed an end to the conflict between Shi'ite Moslems and Palestinians that would give a responsible role in the camps to Syria-based Palestinian factions grouped in a coalition known as the Palestine National Salvation Front, he said.

Syria aims to eliminate the influence in the camps of the mainstream Fatah organisation of Mr Yassir Arafat, the Palestine Liberation Organisation chairman, in favour of more easily controlled Damascus-based Palestinian factions.

The official said a continuing problem was how to arrange the appropriate mechanism for collecting heavy weapons held in the camps by the Palestinians.

Palestinian groups have rejected proposals for their collection by the mainly Shi'ite sixth brigade of the Lebanese Army or a group headed by the Druze Progressive Socialist Party, which has remained neutral in the conflict.

President Gemayel made it clear in remarks to reporters in Damascus late on Thursday that progress towards closer Syrian-Lebanese co-operation depended on a "national entente" between the major groups, notably the Christians, Sunnis, Shi'ites and Druze, for political and security reforms that would share power more equally between them.

Continued from Page 1

Star Wars technology drain

cal computers and provides no cash for the production of prototypes. Professor Smith has discussed such ventures with British electronics companies such as STC and GEC but they have yet to support his work with more than indications of interest.

As part of the deal with the U.S. Government, Heriot-Watt will work in conjunction with a company called Optical Coating Laboratories, in Santa Rosa, California. The U.S. enterprise, together with a second company, Edinburgh Instruments, will turn out prototypes of optical computing devices as a prelude to putting them into commercial machines.

The UK subsidiary of Optical Costings is based near Edinburgh while Edinburgh Instruments, a small organisation of laser specialists, was set up by Prof Smith to commercialise work at Heriot-Watt.

Prof Smith verbally agreed to the deal with the U.S. Government at a meeting on Thursday with Dr Keith Bromley, a U.S. Navy scientist who is in Britain on secondment to UK Ministry of Defence.

Continued from Page 1

Joseph and teachers

teachers would mean raising taxes at the expense of jobs or taking the money away from other public services.

If the unions and local educational authorities could agree on tighter job conditions by October, some unspecified extra funds would be available for the1 986 pay increases. But that was all.

The head teachers nevertheless, gave the Education Secretary a good-humoured hearing followed by judicious applause. Enthusiasm was reserved for a questioner's emphasis on the low level of morale and resources in state schools, and for Sir Keith's admisison that some politicians as well as some teachers were not up to the job.

He agreed that morale had suffered because teaching had become harder, falling pupil numbers had worsened promotion prospects, and some parents failed to encourage their children to work hard and behave decently at school. However, many teachers were not helping themselves by expecting too little of pupils.

The resources available were in many cases not used to the best effect by local authorities, especially those unwilling to risk opposition by closing schools left half empty by falling pupil numbers.

Although Sir Keith admitted that substantial sums of public money were being wasted on keeping open uneconomic schools, he *said afterwards* that he was not considering forcing local authorities to close the schools.

Continued from Page 1

Jobless trend up

is still upwards and that is what must be reversed."

He said the measures announced in the Budget to help reduce unemployment would start to have an impact on the figures later this year.

The most significant measure in the short term would be the expansion of special employment and training schemes. In April these schemes covered about 693,000 people.

Most independent forecasts suggest that unemployment will remain close to present levels at least for the rest of this year, and probably next year, in spite of continued growth in the number of jobs in the economy.

The latest official figures suggest employment rose by 142,000 last year to 20.8m people in the final quarter.

Most of the new jobs appear to have gone to part *timers* and to women, and the number of people seeking work has risen faster than the number of jobs.

Yesterday's gures show a small further increase in vacancies notified to Jobcentres, bringing the total number to 167,100, about 7 per cent more than at the same time a year ago. However the number of vacancies notied is still estimated to be less than last autumn.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exch 11% 1990	£98⅞	+ ⅛
Treas 11¾% 2003-07	£112¼	+ ⅜
Argyll Group	325	+ 12
Bestobell	241	+ 19
Evered	278	+ 14
GEI Intl	111	+ 9
Guinness	276	+ 9
Heath (C. E.)	640	+ 13
Laporte Inds	442	+ 14
Moss Bross	520	+ 30
Our Price	520	+ 25
Owen Owen	265	+ 25
Spear & Jackson	172	+ 8
Tilbury	140	+ 18
Tomkins (F. H.)	202	+ 10
Utd Wire	198	+ 48

FALLS

Allied Textiles	450	− 50
Central Norseman	428	− 10
Clive Discount	45	− 4
Exco Intl	645	− 30
Falcon Resources	310	− 15
Firstland Oil & Gas	215	− 15
Geers Gross	108	− 20
Gt Wstrn Resources	225	− 15
Lep Group	253	− 20
Metana Minerals	124	− 10
Plessey	142	− 8
Rowntree Mackintsh	432	− 8
Smith St Aubyn	43	− 6
Union Discount	695	− 10

WORLDWIDE WEATHER

UK today: Mainly dry and sunny, but some rain in parts of northern Scotland. Warm.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Corfu	S	26	79	Luxmbg.	S	23	73	Peking	C	20	68
Algiers	S	26	79	Dallas†	S	24	75	Madeira	C	20	68	Perth		—	—
Amsdm.	S	18	66	Dublin	S	15	59	Madrid	F	16	61	Prague	R	15	59
Athens	F	26	79	Dbrvnk.		—	—	Majorca	S	28	82	Rykjvk.	C	10	50
Bahrain	S	34	93	Edinbgh.	S	18	64	Malaga	S	24	75	Rhodes	F	25	77
Barclna.	E	22	72	Faro	S	20	68	Malta	S	25	77	Rio J'o		—	—
Beirut		—	—	Florence	S	28	82	M'chstr.	S	18	64	Rome	S	25	77
Belfast	S	17	63	Frankft.	S	21	70	Melbne.	F	14	57	Salzbrg.	F	22	72
Belgrd.	F	23	73	Geneva	S	20	68	Mx. C.		—	—	S F'cisco†	C	12	54
Berlin	S	22	72	Gibraltar	F	21	70	Miami		—	—	Singapr.		—	—
Biarritz	S	29	64	Glasgow	S	19	66	Milan	S	27	81	S'tiago		—	—
Bmghm.	S	15	51	G'rnsey	F	13	55	Montrl.†	F	17	63	Stckhm.	S	17	63
Blackpl.	S	18	64	Helsinki	F	18	64	Moscow	S	27	81	Strasbg.	S	22	72
Bombay	C	33	91	H. Kong	R	27	81	Munich	S	20	68	Sydney	C	19	66
Bordx.	C	23	73	Innsbrk.	F	23	73	Nairobi		—	—	Tangier	C	20	68
Boulgn.	S	15	59	Invrnss.	S	19	66	Naples	F	27	81	Tel Aviv		—	—
Bristol	S	17	63	I.o.Man	S	13	55	Nassau		—	—	Tenerife		—	—
Brussels	S	20	68	Istanbul	F	24	75	Nwcstl.	S	17	63	Tokyo	F	20	68
Budpst.	T	18	64	Jersey	F	15	59	N Delhi	S	34	95	T'ronto†	R	17	63
Cairo	S	31	88	Jo'burg		—	—	N York†	C	18	64	Tunis	S	24	75
Cardiff	S	16	61	L. Plms.	F	23	73	Nice	S	23	73	Valencia	F	22	72
Cape T.	S	22	72	Lisbon	C	20	68	Nicosia	S	25	77	Venice	S	26	79
Chicg.†	S	21	70	Locarno	S	25	77	Oporto	F	21	70	Vienna	C	17	63
Cologne	S	22	72	London	S	18	64	Oslo	S	20	68	Warsaw	F	21	70
Cpnhgn.	S	20	68	L. Ang.†	C	16	61	Paris	S	22	72	Zurich	F	20	68

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Newspaper publishers in tax campaign

NEWSPAPER publishers from more than 30 countries have voted unanimously to campaign against attempts by governments to levy direct taxes on newspaper revenues.

The publishers—all members of the International Federation of Newspaper Publishers—agreed at their annual congress in Tokyo to fight, both nationally and internationally, the imposition of direct taxes and other potentially restrictive government practices on the grounds that such revenues weaken the independence and diversity of the press.

EEC cash boost for Scots agencies

THE EEC Social Fund has given three Scottish enterprise agencies about £100,000 to improve training for young entrepreneurs.

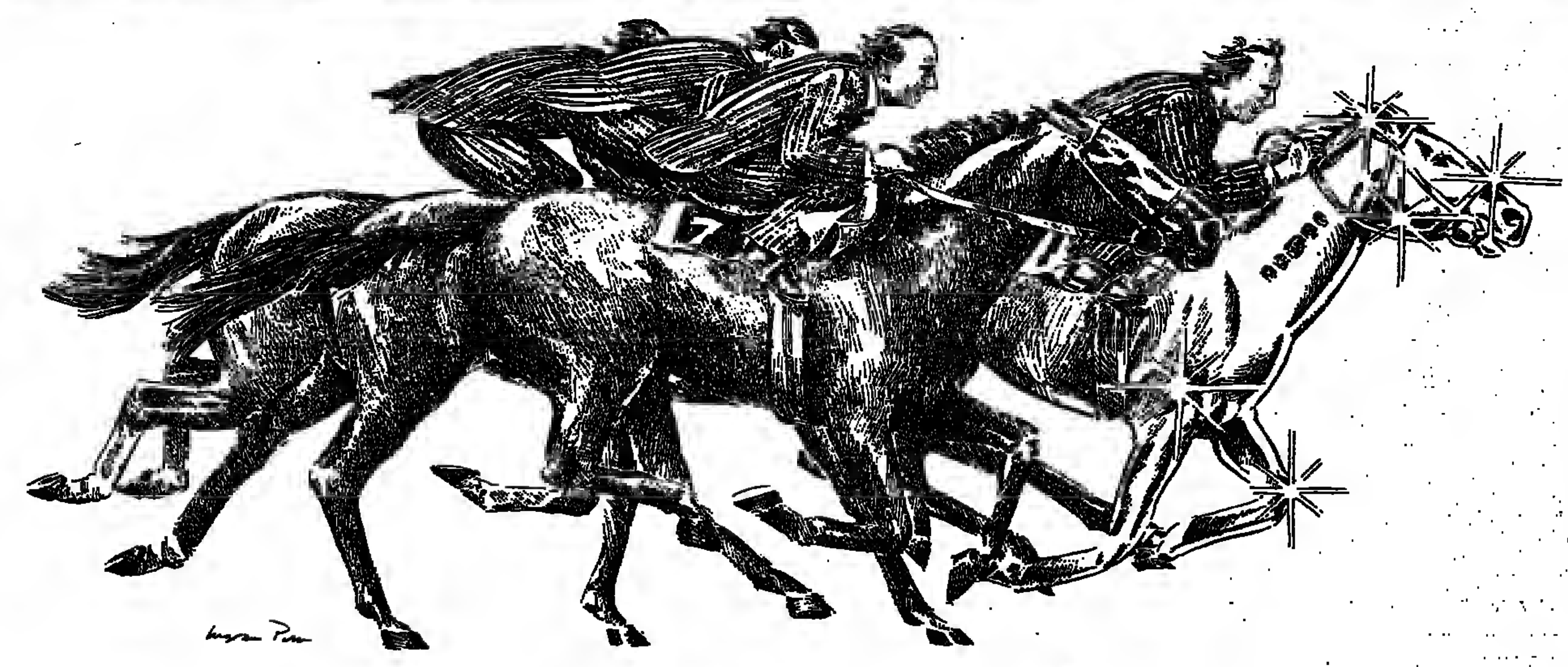
The new grant is a back-up for the Enterprise Fund for Youth scheme, funded by the Scottish Development Agency and operating in Glasgow, Ayrshire and Bathgate. The fund, which will *cost £450,000* over three years, is designed to help people aged between 16 and 25 years to set up businesses with special financial packages.

WEEKEND FT

Saturday June 1 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

The Derby, to be run on Wednesday, is one of the year's top flutters. It is also a key to a multi-million pound industry, reports James Buchan.



BLOOD MONEY

INVESTMENT is a word much used in the thoroughbred racing industry but it often means something quite simple: a bet with the bookies. For the vast majority of people, the notion of owning a racehorse for investment is ludicrous.

Of the 13,013 racehorse owners who effectively finance the British and Irish racing industry, most will not win a race this year and only one in ten is ever likely to show a profit on his investment. This investment is substantial: a horse, whether fast or slow, sound or unsound, costs about as much to keep and train as two children at fee-paying schools.

The chief difference is that Etonians and Harrovians do not generally go wrong in their legs or wind, or develop coughs that put the entire establishment out of action. Nor are they very often struck by lightning.

It is not a business for Mr Micawber. Consider the case of just one of the 13,000 or so horses in training: Rio Bay, a five-year-old chestnut hurdler at Mr Simon Christian's yard at Lambourn. His story is best told, like that of *Clarissa*, in letters. "A likeable individual," the trainer's first shareholders' letter begins.

"Rio Bay's debut at Ludlow was promising, he jumped well and was only four lengths off the leader and winner at the third last. He then tired earlier than I thought be would."

"Unfortunately, Rio Bay, like most of my other young horses has suffered from a cough the past fortnight and I haven't been able to keep him in strong work."

Annual income: zero. Annual expenditure, best not thought about, but comprising the capital cost of a £10,000 horse and running expenditure of about £100 a week that vanishes effortlessly into keep, worming, vet, blacksmith, insurance, transport and entry fees. Result: not Mr Macawber's misery, but a queer sort of elation such as occurs among persons who have abdicated control of their money or their lives.

Yet last year, three of the four most important two-year-old races were won by horses that originally cost no more than Rio Bay: all are now worth 50 times that. Every owner still dreams of the single animal that will make the whole business worthwhile. And everyone knows that even Robert Sangster began his stupendous career with a humble gelding, a certain Chalk Stream, which cost £500.

Mr Sangster made the singular discovery that the ownership of very expensive racehorses could be a profitable, commercial undertaking, based on price-earnings multiples which would be vaguely familiar to a British Telecom shareholder. This is not to say that the great breeding empires of the Aga Khan, the Queen, Marcel Boussac or Lord Howard de Walden were or are not professional undertakings. "But before Sangster, breeding was professional, ownership a mere hobby," says Major Christo Philippson, managing director of the British Bloodstock Agency in Newmarket.

In the late 1970s and early 1980s, Mr Sangster and his friends dominated racing from Mr Vincent O'Brien's training establishment at Ballydoyle in County Tipperary; and they remain extremely powerful today even, curiously, as underbidders to the "Arabs" (as they are known in racing) — primarily the Maktoum brothers of Dubai and outlying members of the Saudi royal family.

The key to the racing industry is blood. All thoroughbred racehorses, from Chile to Japan, descend from three stallions and 50 foundation mares recorded in the first General Stud Book at Newmarket at the end of the 18th century. The stud book is now in its 39th edition; and in this intervening period, breeders have mixed and remixed these bloodlines, inbreeding or outcrossing, in the restless pursuit of a colt or filly with all the virtues of looks, speed and courage (and none of the vices) of its ancestry.

Blood is bought in a variety of ways: as a foal, a yearling or an older horse, or through a breeding right to a stallion—a nomination. This most alarming operation is best witnessed from a distance, if at all.

To add value, the owner recruits the best management he can afford in the persons of the trainer, lad and jockey and races the beast, preferably in England. This is not because of the prize money available in England. Because racing here is financed mostly by owners and sponsorship rather than by a betting monopoly as in the U.S., France or Australia. English stakes money is universally derided: last year, Mr Sangster won more from a single mare in the U.S. than from all his horses in England and Ireland. It is simply that the English and Irish Classic races for three-year-olds are accepted as the best tests of ability.

If the colt is good, he is capitalised through the syndication of shares — usually nowadays at the end of his three-year-old career, since four-year-old earnings no longer seem to justify the risks of another year in training. Syndication values can be distorted by scarcity or the sheer weight of money since the Arabs entered the scene. Heads were shaken in disbelief when the Maktoums last year claimed $40m for their Shareef Dancer. But the price remains a multiple of what the horse can earn through the sale of his breeding services.

A stallion syndicate normally will comprise 40 shares, with each shareholder enjoying the right to a yearly nomination for his mares. The nomination itself is marketable. The shares are priced at four to five times the nomination fee so that shareholders may recover most of their investment by the time the stallion's first offspring have proved themselves as three-year-olds on the racecourse.

On January 13, a nomination to a 23-year-old Canadian horse called Northern Dancer changed hands for $1m. Nobody questioned at the time why a rather plain and small stallion at the end of his life should enjoy a theoretical value of up to $130m. This horse stands at an address of which even Nancy Mitford would have approved: 55 Northern Dancer Drive, Chesapeake City, Md., U.S. And he has made Mr Sangster's fortune and many others.

Not that Mr Sangster, the heir to Vernons' Pools, was a pauper before his path and that of Northern Dancer crossed. But a combination of his inheritance at age 40, heavy debts and the bear market of 1974 drove him out of England to the misery of Marbella in winter and its English-language cinema, twice a week.

As a tax exile, he claims that he saw that there was more to the world than simply Epsom Downs and the Jockey Club and could more easily conceive of a truly international racing operation. But Mr Sangster insists that the key was his belief in the "Irish genius," Vincent O'Brien, who many consider the greatest trainer of racehorses of our era.

Mr O'Brien had bought a colt from Northern Dancer's second crop in 1968. This horse, Nijinsky, he trained to be a prodigy, winning all but his last two races, including the three English colt classics, the Irish Derby and the most valuable English race, the King George and Queen Elizabeth Stakes at Ascot.

In 1975, Mr Sangster formed a group of investors — and borrowed $2m from the Midland Bank — and spent three sweltering July days with Mr O'Brien at the Keeneland Sales at Lexington, Kentucky. They bought seven horses, three of them sons of Northern Dancer.

Mr O'Brien is a man of endless patience and by the following July and the next call for cash, none of these horses was considered ready to run; the syndicate became restless, but held together through the winter and a disastrous spring, where nothing came right. But in June 1977, The Minstrel, a small chestnut with a blaze and four white socks, won two Derbies and the King George: other races fell like ninepins; and Alleged, a horse Mr Sangster had bought in California, won the Prix de L'Arc de Triomphe at Longchamp that year and the next.

The Minstrel was syndicated for £9m and since then the syndicate has not looked back. They woo another Epsom Derby with Golden Fleece in 1982 as well as missing many good races and losing horses to illness and accident.

Mr Sangster is a diffident and generous man, deeply under the influence of a magician; but he is much resented in English racing. There were many who rubbed their hands in glee when Arab buyers began to figure heavily at bloodstock sales in 1977. "Even with Niarchos, Sangster cannot compete with bottomless purses," is one of many gloating comments.

This is rubbish. As Mr Sangster says, the Arabs need him as he needs them, to make a market. If for example, Sheikh Mohammed's Shadeed wins the Derby on Wednesday, it is hard luck for Ballydoyle; but Shadeed is a dead spit of his father Nijinsky. His victory would merely increase the value of the Sangster Nijinskys and Northern Dancers.

But neither the Arabs nor Sangster can afford to sit on their bloodstock lest their stud farms decline like the mighty 19th century empire of Lord Derby. Every breeder must follow fashion, for only fancy sires command fancy nomination fees.

What most troubles the U.S. breeding community is that the two groups might join forces. News that Ballydoyle and the Maktoums had actually bid together for two Northern Dancer colts last July was followed by an extremely public weekend visit by Sangster and O'Brien to Dubai. They took a well-known racing journalist with them and Mrs Jacqueline O'Brien published some striking photographs of Sheikh Mohammed with his falcons. It was a firm reminder of their combined power.

"What's a million these days?" a Newmarket auctioneer queried last December when John Magnier, a Ballydoyle partner, was hesitating at 980,000 guineas for a three-year-old filly. Not much, as it turned out, for Magnier—he paid seven figures—but a great deal for everybody else including the publicly assisted English National Stud.

The National Stud probably cannot afford a replacement stallion for the great Mill Reef, who is 17. Even if it could buy another good Derby winner, only a handful of English breeders could pay to send a mare to him at a six-figure fee. All but excluded from fashionable blood, small breeders miss the tremendous gearing effect at the top of the market.

The great American breeding farms south and west of Washington DC—Claiborne, Gainesway, Windfields, Spendthrift—are now pre-eminently service-stations for European racing. This is not only because of superb American blood and grass (and Irish lads) but because of state tax breaks, access to loan financing and, in the case of Spendthrift, to equity.

This is much less the case in Ireland, and scarcely at all in England. "Here in England, if you go to a bank and say can I have £xx thousand for bloodstock, he says 'Thanks, old chap, here's the door,'" says Christopher Watkins, a Dorset breeder.

At his Blackmore Vale Stud, Mr Watkins syndicates foals at about £1,000 a loan-share and sells them 10 months later as yearlings. The principle is fairly simple: the foal is owned in the year when his sire's first crop are racing. If they win, his foals go to a premium and money is made.

Like pocket Maktoums, his shareholders have a broad financial interest in many racehorses; but this year, their money is still tied up, if only for 10 months, in only two handsome animals which cost £30,000 and £37,000 apiece. This is risky even by the standards of the Turf.

As for equity, there are still only four quoted stocks on the USM and the over-the-counter market: British Thoroughbred Racing and Breeding, BBA, the largest English bloodstock agency, and two Business Expansion Scheme companies, Brook Bloodstock and Bloodstock Breeders.

Of these, Bloodstock Breeders has already shown it can compete for blood at the very top of the market and increased the value of shareholders' interests by 30 per cent in its first six months of training. But, as in all BES schemes, shares must be held five years to qualify for tax advantage.

Outside the equity market, there is any number of racing syndicates; but as Henry Ponsonby, of Shefford Bloodstock Services, points out, the risk is not as widely spread as it might be. The Jockey Club insists that no racing (as opposed to breeding) syndicate should have more than 12 horses and no horses more than 12 owners—a Biblical formula springs from lofty worries that some big syndicate manager might fix the 5.35 at Fontwell. But Mr Ponsonby's horses have been fairly successful; and the society of Lambourn, or the "Valley," as it is known, offers the most louche environment since the White Highlands. It is the only place I know where a vicar regularly sings the Marseillaise at lunch.

Many small owners continue to believe that stable information might assist them in transactions with the bookmakers. This is largely illusion. Some trainers claim they have to bet to cover their costs and some men of unimpeachable reputation, such as O'Brien and Mr Gay Kindersley at Lambourn, were big players in their time. But "betting" stables which deliberately lengthen odds are best avoided by any owner interested in capital values.

No doubt, people will (like this writer) go on investing their meagre fortunes in likeable horses. They may traipse to a wet meeting at Wetherby and their greatest pleasure will be to win not quite enough to tip the jockey and buy a round of celebratory drinks. But every year one person will stand at Epsom on Derby Day and see his horse quicken up that murderous hill; and he will know the thrill of possessing one of the finest creatures on God's earth—and a large amount of money.

The Long View

Some Xtra confusion on mortgage rates

The magnates of the *building societies in* the United Kingdom have only a limited experience of market life . . . they do not really know if they are businessmen or agents of a benign social revolution, says Anthony Harris.

THE HALIFAX, the world's biggest building society, as it likes to claim, is big enough to accommodate more than one school of thought. When it announced its annual results last week, it also issued, through various spokesmen, the following comments on the mortgage market:

1—A celebration by the chairman of the fact that mortgages are no longer rationed.

2—A warning that rates might have to go up to bring in a bigger inflow if rationing were not to return.

3—A warning that demand for mortgages might be choked off if rates did go up.

4—A warning that rates at their present level are a threat to the growth of owner-occupation, so they must come down.

Since the long-term level of building society rates is a matter of great interest both to savers and to borrowers—in short, to just about everybody—this column cannot let the matter rest there. Let me exploit the possibly unfair advantage of speaking with only one voice, and try to make things a little clearer.

As a matter of fact, I am teasing the Halifax unfairly in the first place; for the first three statements on the list, although they appear to contradict one another, are perfectly sensible and even prfectly consistent. The chairman is, in economists' language, celebrating the fact that market-clearing prices now rule in the mortgage market.

Most businessmen operate in such markets all the time, and take the laws of the market place for granted. The chairman of Bloggs's Soups does not, in his annual report, think it worth reminding shareholders that if the firm raises its prices, it is likely to lose sales. He might bemoan a rise in the price of carrots and tomatoes, but he does not talk as if he could somehow he expected to buy them below the market pric: and he would not dream of forecasting, or even calling for, a fall in prices on the ground that current levels are a threat to soup-eating.

If he did, though, he would be talking better sense than the man from the Halifax. High soup prices might make customers turn to other foods, but high interest rates won't stop them buying houses. They will simply offer less money.

The magnates of the building societies have only a very limited experience of market life, and many of them seem to suffer what fashionable dramatists a few years ago used to call an identity crisis—they do not really know whether they are businessmen or agents of a benign social revolution. They can readily be forgiven, then, for talking a little emotionally about prices.

When, however, they get confused about their influence on the general level of house prices, as in Exhibit 4, they are not just being emotional. They are voicing what I might call the Great British Fallacy about the house market, and this is worth rather more serious discussion.

No economist who has chanced on this column need read a line further; for the housing market is the exception that proves the rule about there being as many opinions on any economic subject as there are economists.

Here, at least, economists speak with one voice.

Nobody else, as it sometimes seems, may agree, but we *know* we are right. So there.

What we are right about is this. If you impose severe planning restrictions on the availability of land for building, the price of land will rise. If you now try to help buyers to pay this higher price with tax breaks and the abolition of ownership charges, it will rise higher still. And if would-be buyers, observing that housing is the most profitable investment available to anyone without second sight, thus willing to give up an ever-higher slice of their incomes to get in on this bonanza, it will rise without any apparent rational limit.

That is a thumbnail history of British housing policy since World War II, and it explains a lot. It explains not only why the building societies are now collectively about twice as big as the banks, and why owner-occupation has spread so rapidly. Much more important, it explains why house-buyers get ever-worse value for money; and why the rich, who throughout history have built the best of the new housing stock, now simply compete in bidding-up the value of old houses.

In the 1930s, the building industry was able to run commodious houses with a decent little garden for perfectly ordinary people on a scale that revived the whole economy. In the 1940s we had austerity; but, since then, standards have gone down, not up. Private builders have hardly ever touched the ordinary standards of the 1930s, or even the minimum council house standards laid down by Parker-Morris in the 1950s.

We have now reached the point when first-time buyers are offered one-bedroomed "homes" that would have been turned down flat by a Victorian navvy (whose former cottage, anywhere in central London, now fetches about £100,000). Next stop, rabbit hutches. And if the Government decides to release some Essex green belt land on which developers now want to put up their hutches, the farmers concerned will become sheikh-rich overnight.

The establishment of market-clearing prices for mortgages is, against this background, the first glimpse of sanity in a generation. If high real rates stop house-price inflation, so much the better. Meanwhile, market-clearing has produced a novel balance: at present rates, a building society deposit is about as good an investment for old age as a house bought with the loan it finances. That is justice, and it is something to celebrate.

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London

Equities make the running

THOSE INVESTORS who barkened to the call of the old adage "Sell in May and go away" must be feeling sorely disappointed with the results this year. Whereas a year ago the equity market tripped over the bears in May leaving the All-Share Index 8½ per cent lower at the end of the month than the beginning, this time around, far from falling, the All-Share managed to briefly break upwards beyond the 600 to 630 trading range which has dogged it since the high point of mid-January.

By the middle of last week the All-Share was at 642.98, a rise of 3.4 per cent within three weeks. The unexpectedly poor full year results from Plessey put pay to the market's modest bull run but by last night the index was still ahead by 2 per cent over the month.

Perhaps the early rises of the three week account, which ended yesterday, were a little over-cooked but the All-Share is still sitting close to the top of the range for 1985. And, despite natural caution towards a market which has been trading in high ground and broadly travelling sideways for a few months, there is a positive feeling emerging that the trend is equity prices could continue edging upwards.

A pessimist can sit down and draw up a convincingly enough list of reasons why the market should be jittery—high interest rates, some unimpressive money figures (and next Tuesday's figures could be critical to sentiment), a slowdown in the U.S. economy, the drain of some hefty official funding and so on. And it is true that prices do shed weight when bad news hits the headlines. But having kept their heads down until the bearish factors are out of the way, many fund managers appear willing to climb back gently into the market to pick up stock.

Like the "Sell in May" slogan there is more than one old saying about taking the opposite view when the weight of opinion seems to be pointing one way. And in the short term the market is bound to be nervous about sterling and the oil market ahead of the next Opec meeting. There are already some ominous sounds emanating from that neck of the woods which suggest another cut in heavy crude oil prices could be on the way.

Yet looking beyond the next couple of months the fundamentals still lead many strategists to believe that the All-Share could rise to around the 650 to 670 range during the second half of the year — i.e., a rise of between 3 and 6 per cent on current levels.

Underpinning that belief are the forecasts for corporate profitability. There are plenty of estimates around suggesting percentage profits growth in the high 'teens for the industrial sector this year and dividend growth could be around 13 per cent against 18 per cent in '84. Interest rates should be lower by the year end and the recent jump in the inflation rate was probably no more than an erratic blip upwards.

If you start feeding those sort of predictions into market models that many of the stockbrokers have tucked away on their computers, the resulting crystal-ball-gazing numbers can look quite encouraging. Such print-outs should obviously not be taken as gospel but it seems that a larger number of people are convinced that equities could go higher than there were a couple of months back—and sentiment moves markets.

Those of a bearish inclination still caution that 1986 could be a difficult year for corporate profitability in aggregate—industrial profits may be rising by 10 to 13 per cent but North Sea profits could be sharply lower. And if the market gets too concerned about the outlook for next year the All-Share may have a struggle to get above the 650 mark. Needless to say, it takes various views to make a market.

Meantime the corporate sector is more than willing to tap the market for fresh funds while prices are riding high. As the

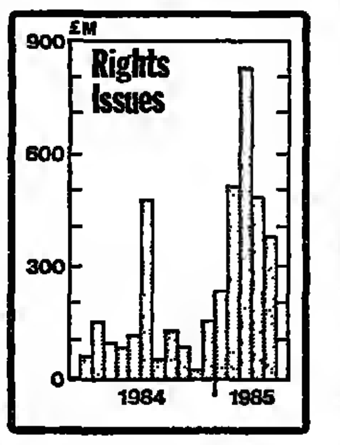


chart shows in the first five months of this year some £2.4bn has been raised by rights issues, if the latest batch of convertible issues (loan and preference) are included. In the same period in 1984 the private sector had only raised about £560m.

This week European Ferries launched a £71.6m issue of convertible preference stock which came hard on the heels of Woolworth's £146m convertible loan stock offer last weekend. It wants the money to plough into its B and Q and Comet shops.

To a large extent the funding bulge by the private sector has to be viewed as opportunist. By the end of '84 corporate liquidity stood around the £10bn mark and it is hard to believe that cash balances have rapidly deteriorated. However, there has been no obvious sign of reluctance in the City to coughing up for rights issues and based on bard numbers it is easy to see why.

This year the corporate sector as a whole could see a return on capital employed of, say, 13 to 15 per cent, a few points behind last year but still a good enough return to justify shareholders putting their money into their companies rather than leaving it on deposit, especially as dividends growth continues to outpace inflation.

Rumours persist that Plessey could soon be on the receiving end of a bid following those disappointing figures of last week. GEC, with its cash mountain, is mooted as a potential bidder and no doubt it has taken a look. But a tie-up between the two could be politically sensitive and, with a market capitalisation of around £1bn, Plessey is beyond most pockets so some brokers are punting the idea of a consortium take-over.

A much easier target than Plessey is United Scientific Holdings which also reported poor figures last Thursday with a £1½m drop in interim pre-tax profits to £5.4m. The shares have risen by close to a third since then on speculation of a bid. An offer for USH, which embraces a wide range of defence products from Alvis tanks to laser rangefinders, could be timely. It is an ex-glamour stock where a number of projects are evidently close to profitable fruition.

On the results front, both Courtaulds and Boots reported full-year figures. While totally different businesses, the two display one similarity—the City seems almost obsessed with the weak points and ignores the positive features which both groups display.

At Courtaulds, profits growth was pegged to 9 per cent at £128.2m pre-tax, which may look unexciting, but it covers a period when demand for fibres took a serious knock. In days gone by, a downturn in cellulosic fibres would have heralded a sizable setback for operating profits. Of course, Courtaulds is now more of an industrial holding company than a textile group, though somewhat perversely it was textiles which supported the profits last year with a £10m increase to £47m at the operating level. This year the group should make a touch over £140m pre-tax, dropping the p/e to about 5½—surely the efforts of Sir Christopher Hogg deserve something better than that.

Boots too comes in for harsh treatment. Last year pre-tax profits rose by a respectable 15 per cent to £190m, yet the group stands on a rating substantially below both the pharmaceuticals and retail sectors capturing the worst of both worlds though neither the stores nor the drugs operations deserve such treatment.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	1,002.5	+ 0.9	1,024.5	935.7	Uneventful last week of long account
Beecham	380	+25	390	347	U.S. demand/results due soon
Body Shop International	745	+95	750	440	Ahead of June 12 interim results
CRA	324	−26	392	314	Profit-taking in Australians
Clive Discount	45	− 6	72	41	Union's rights issue unsettles sector
Evered	278	+34	278	148	Rights issue and dividend forecast
First National Finance	103	+ 9	104½	74	Broker upgrades profit forecast
Fisons	365	+17	370	255	Hopes concerning group's new drug
Greenfield Blacks	20	−10	52	20	Depressed by poor annual results
Higsons Brewery	225	*+48	250	83	Agreed bid from Boddingtons
Hogg Robinson	256	−24	306	224	Merger talks with C. E. Heath aborted
ICI	774	+21	880	724	Revived institutional demand
Mebon	120	+48	122	54	Agreed bid from BP Chemicals
Meggitt	104	+10	106	62	Talk of possible acquisition
Our Price	520	+70	520	333	Favourable Press comment
Tex Abrasives	98	+20	98	60	Speculative bid hopes
United Scientific	225	+48	265	165	Continued takeover speculation
Vickers	300	−23	342	212	Reliance Group sells stake
Woodhead (Jonas)	32	−10	46	21	Bid hopes thwarted

* Based on suspension price.

Unlisted Securities Market

Food for thought as profits dip

ALL THOSE investors who bad their applications for shares in Wold returned or scaled down drastically may draw some comfort from this week's events in the USM's fashionable food sector.

Hunter Saphir, the fruit and vegetable distributor which came to the market last June with an offer for sale that was over-subscribed 72 times, has dampened shareholders' enthusiasm by reporting a 30 per cent decline in pre-tax profits for its latest financial year.

Freshbake, the frozen food manufacturer and distributor, yesterday announced pre-tax profits that were more than 40 per cent lower at £1.1m. The market had been well prepared for the set-back, however, and the shares had already fallen from over £1 to 69p before the results were announced.

Shares in the Somerset-based butcher, John Perkins, would have landed en masse in the underwriters' hands, if the Atlanta Investment Trust had not applied for 85 per cent of the issue. Interest from other investors was so thin that Atlanta ended up with 2.4m of the 3.4m shares being offered and now owns 25 per cent of the company.

Excluding the two newcomers, the USM has 10 food companies, five of which are now trading at or near their lows for the year. Perhaps the market is questioning whether this favoured sub-section of the USM is such a growth area after all.

Food itself is not a glamour business. Price-earnings multiples of food companies on the main market average about 10. The huge premium attached to most of the USM food companies, which have been coming to market on multiples of between 12 and 20, has been explained by the fact that they are involved in the growing areas of a static market.

Many of them, including Hunter Saphir, E.T. Sutherland, Whitworths Mayhew Food and John Perkins, are suppliers of meat and fresh produce to the likes of Sainsburys, Tesco and Marks and Spencer. The multiples are gaining ground on the local greengrocer and the butcher. Although they are demanding customers, any supplier who can promise them high quality and prompt delivery should be able to grow with them.

But it sometimes does not work out like that. Specialist suppliers, through no fault of their own, can fall foul of problems that do not afflict the larger and more diversified food companies to such a degree.

Much of the reason for Hunter Saphir's disappointing results this year was the weather. Terrible frosts throughout the northern hemisphere hurt its produce division.

Last winter's appalling root vegetable crop has also made trading difficult at Whitworths, which distributes fresh vegetables. This is bound to be reflected in its first set of results since coming to the USM, which are due next month.

The meat companies also have suffered this year. E.T. Sutherland, which sells a range of high quality cooked meat products, was caught out by a sharp rise in pork prices, as a result of which it reported a small drop in profits for 1984 to £1.5m. Its shares have retreated to 95p, the price at which the offer for sale in June last year was over-subscribed 63 times.

It has been bad luck that the year in which food companies suddenly become fashionable should be one of the worst years for the industry in about a quarter-century.

There may, however, have been a more general cooling of interest across the sector, to judge from recent movements in the shares of some of the meat companies. Two catering butchers, Simms and Meadow Farm, have seen their share prices fall back for no apparent reason, as has Mayhew Foods which produces fresh and cooked chicken dishes.

The fall from favour of two other companies in the sector is less difficult to explain.

Volatile potato prices were just the start of the troubles at Benson's Crisps, which announced a humiliating refinancing package three months ago. The company had attempted to expand too quickly; and delays in opening a crisp factory in Wales were coupled with production problems at XL Crisps, a recent, ambitious acquisition. After making losses of nearly £1m last year, breakeven still looks more than 12 months away.

Expansion at break-neck speed has also been the problem at Freshbake. The company has been doing too much at once. It has revamped its existing businesses, slapped on new lines and made a series of acquisitions, the latest of which was the heavily indebted McKellar Watt, the Scottish sausage maker, which it bought for £1m in March. The consequence has been an enormous increase in turnover at the expense of narrower gross margins and higher production costs. However, Freshbake is confident that the rewards from its brash approach will start to show through this year.

Lucy Kellaway

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibbon	260*	258	234	4.68	Keep Trust
Allied Textile	465½	450	430	42.23	London & Midland
Anvil Pet	58½	55	50	9.42	Berkeley Exploration
Applied Botanics	1½§§	2¼	4¼	0.56	REA Hldgs
Brammer	384	363	348	114.44	Bunzl
Brit American Tst	[illegible]§§	111½	325	[illegible]	Shires
Brown (Matthew)	477§§	390	110	107.70	Scot & Newcastle
Carr (John)	94	93	88	64.31	Rugby Prtld Cmt
Cartwright R.	131½§	160	107	3.82	Henderson Group
Cole Group	170½§ §§	184	122	5.11	Moss (Robert)
Debenhams	335§ §§	368	327	469.64	Burton Group
Energy Services	136§	110	97	51.20	Brammer
Formdesign	180*	178	160	4.50	Hunterprint
Gill & Duffus	175§§	175	190	115.69	Dalgety
Haden	240*	362	232	37.18	Trafalgar House
Higsons Brewery	253§§	225	225	25.62	Boddingtons
Ingall¶	105	104	90	9.58	House of Fraser
Mebon	125*	120	74‡‡	6.76	BP
MFI	289	288	258	569.30	Assoc Dairies
MJI	19½	18½	15	4.37	Leigh Interests
Muirhead¶	166½	156	148	14.16	RHP
Petrolex	93§§	85	81	14.53	Aran Energy
Petrolex	81	85	81	12.65	Saxon Oil
Planet Group	108	105	88††	10.81	Heywd Williams
Selincourt	36½	28½	28½	18.90	Stormgard
Solicitors Law	39	38	37	4.49	Hollis Bros
Solicitors Law	35*§	38	41	4.03	Pergamon
Times Veneer	20*§	28	49	1.41	CDI Hldgs
Trident Computer	83	75	70	2.07	Park Place
Westland	150*	145	140	88.90	Bristow Rotocraft
Yorkgreen	17	14	10	1.87	Talbex Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on May 31 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Lyons	Mar	219,000	(194,900)	20.1	(18.8)	7.5	(6.81)
Anglo-Ind Corp	Mar	190,300	(165,100)	15.5	(14.4)	6.2	(5.5)
Boots	Dec	4,500	(1,125)	49.9	(12.4)	7.0	(4.0)
Capital & Counties	Mar	9,960	(10,472)	9.2	(9.1)	5.3	(4.7)
Carless Capel	Mar	8,500	(5,000)	—	(—)	1.75	(1.75)
Castings	Mar	1,190	(1,070)	9.9	(7.6)	3.75	(3.25)
Coalite	Mar	33,470	(32,530)	21.1	(23.2)	6.43	(5.8)
Comb Tech	Mar	12,000L	(6,130)L	—	(—)	—	(—)
Courtaulds	Mar	128,200	(117,831)	23.9	(21.3)	5.0	(4.2)
Delyn Pack	Feb	319	(121)	5.0	(13.5)	2.5	(2.5)
Dunhill Hldgs	Mar	15,060	(11,140)	—	(—)	3.8	(2.8)
Extel	Mar	10,900	(10,610)	17.6	(15.6)	6.75	(6.0)
Ferg Ind Hldgs	Feb	6,460	(6,508)	14.6	(16.7)	7.15	(6.5)
Gates, Frank G.	Dec	1,150	(1,620)	8.2	(7.9)	3.0	(3.0)
Greenfield Black	Mar†	351L	(153)L	—	(—)	—	(—)
Harrison & Cros	Dec	83,200	(56,600)	38.8	(24.5)	20.0	(17.0)
How & Wyndham	Mar	260	(6)L	—	(—)	—	(—)
Hunter Saphir	Feb	1,170	(1,152)	5.0	(7.1)	1.75	(1.5)
Intervision Vid	Nov‡	523L	(1,800)	—	(—)	—	(1.0)
Jackson Group	Dec	1,240	(1,130)	14.9	(21.0)	3.85	(3.43)
LEP Group	Dec	7,460	(2,830)	13.8	(3.0)	4.5	(3.5)
Macdnld Mart (a)	Dec	2,020	(1,960)	67.2	(65.5)	16.5	(15.5)
Macdnld Mart (b)	Dec	2,020	(1,960)	33.6	(32.7)	8.25	(7.75)
Ports & Sund Nws	Mar	2,770	(2,120)	10.7	(21.0)	4.0	(4.0)
Pr of Wales Hotels	Dec	763	(724)	5.8	(5.9)	1.5	(1.5)
Samuel, H.	Feb	5,760	(5,210)	4.3	(4.1)	4.17	(4.17)
Sangers	Feb	718	(359)	—	(—)	2.0	(—)
Selincourt	Jan	1,380	(791)	—	(—)	—	(0.03)
Sheraton Secs	Mar	1,340	(611)	1.6	(0.8)	0.5	(—)
Smith Bros	Apr	5,460	(5,200)	22.2	(24.9)	6.0	(5.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Adam Leisure	Mar	494L	(302)	—	(—)
Ass Fisheries	Mar	1,000	(571)	0.25	(0.25)
Borthwick, T.	Mar	3,700	(888)L	—	(—)
Burns Anderson	Mar	369	(282)	1.25	(0.7)
Davenports Brew	Mar	800	(988)	3.6	(3.6)
Devenish, J. A.	Mar	203	(200)	2.75	(2.25)
Hawtin	Mar	495	(505)	—	(—)
Heavitree Brew	Apr	284	(277)	6.6	(6.6)
Isle of Man Ent	Apr	56L	(50)L	—	(—)
Kelsey Ind	Mar	740	(600)	2.5	(2.5)
Leeds Group	Mar	876	(637)	2.25	(—)
M & G Group	Mar	3,740	(3,010)	6.0	(5.0)
MEPC	Mar	24,670	(21,770)	2.5	(2.5)
Morland & Co	Mar	1,030	(927)	2.25	(3.0)
Pineapple Dance	Mar	197L	(77)	—	(—)
Richards	Mar	92	(208)	0.5	(0.5)
Tate & Lyle	Mar	31,500	(27,000)	7.5	(6.5)
Telecomputing	Mar	366	(156)	0.65	(0.35)
Wolv & Dud Brew	Mar	6,600	(6,000)	2.85	(2.55)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † For 16 months. ‡ For 17 months. L Loss.

SCRIP ISSUES

Castings—One for two.

RIGHTS ISSUES

European Ferries—To raise £71.6m through e rights issue on basis of one 6¾ per cent convertible redeemable preference share of £1 for every three ordinary shares beld.

Evered—To raise £24.6m through a one for two rights issue at 210p.

Woolworths—To raise £146.3m on basis of £17 nominal of convertible loan stock for every 10 shares beld.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Blue Circle—Placing of 11.5m shares at 525p.
Brent Walker—Offer for sale of 9.2m shares at 130p.
Charterhall—Floating off 40 per cent of Charterhall North America via e placing of 2.75m shares at 178p.
Nordic Investment Trust—Offer for sale of 14m shares at 50p.
IBL—Offer for sale of 18,928,572 sbares at 140p.

Results due next week

Hanson set for boom in profits

HANSON TRUST, the aggressively acquisitive industrial holding group whose interests are evenly split between the U.S. and the UK, has seen its shares stage a good recovery ahead of next week's interim results. The market is expecting these to be almost double last year's £64m at £115m—so the message has not surprisingly been to buy early.

In January the group's £150m bid for Powell Duffryn failed—it was the third large takeover move within a 12 month period. Investors now appear to have put this setback behind them and are looking forward to strong contributions from the two successful takeovers, London Brick (acquired for almost £250m in February 1984) and U.S. Industries (purchased for £380m in May 1984). If there is any concern it will be over exchange rates.

Bricks, the largest single profit centre incorporating London Brick and Butterley, should see margins improving in spite of the poor first two months of the year. New product lines at British Ever Ready, the gold seal battery having been followed by the silver seal, should see increased market share and trading profits. Allders, the retail arm which includes the duty free shops at Heathrow and Gatwick, may be a little disappointing and be held at the same level as last year.

In the U.S. a full six months contribution from USI should bring in almost £45m—accounting for most of the profits growth — with the other interests performing more modestly. With half of trading profits coming from the U.S. the weaker dollar could cause some £5m in translation losses for the half.

REED INTERNATIONAL is in the midst of a transformation from a mature papermaking company into growth oriented publishing group—the full benefits of which may not be apparent until the next set of annual results.

The analysts are therefore looking for a fairly modest rise of around 10 per cent to some £107m for tha year to March. This may not be enough to help the shares firm over tha 1984-85 high of 600p although once various disposals that are in the pipeline are completed this situation could change.

What the group is looking to get shot of is much of its wallpaper business—acquired when it aggressively sought a near monopoly in the sector in the 1930s and 1960s, by buying up many private companies. Crown Wallcoverings, Sunworthy Wallcoverings and Sanderson are all up for sale and deals should be concluded this year.

Offsetting the lossmakers and low return units plus some mill closure costs and the rationalisations at the Aylesford paper mill will be an extraordinary gain from the sale to Mr Robert Maxwell for £113m of Mirror Group Newspapers. The gain from the disposal of London & Provincial Postera will also show benefits below the line.

Reed Publishing should contribute £48m, consumer publishing could be down to £14m from £16m previously, paint and DIY almost doubling to £21m and packaging up a third to £20m. Paper (Europe plus North America) will be lucky to stand still at around £9m.

By tradition it seems first-half profits at English China Clays are about one third of tha annual total—so with around £72m expected for the year, this week's interims should produce about £24m pre-tax, only just marginally ahead of the previous year's £22.4m at the midway point.

Holding the group back during the first half will have been the construction and quarry divisions where the long drab winter has been matched by low demand. Helping these two divisions, however, will be contributions from acquisitions Charcon and Bradley, both bought in 1984. The Clay division is doing well; and the likely loss on leisure is a seasonal fact of English China's life.

The likelihood of a profits standstill in the first half has already been taken on board by the market—as has the forecast of a very good second half. This is perhaps why the shares have settled at the mid-point of their recent trading range (250p to 293p). Until markets recover little more should be expected.

The second half at de la Rue is always better than the first and this year should be no exception with the company expected to make some £26m putting the total at around £44m. A major turnround at Crosfield, which makes electronic equipment for the printing industry, should lift its profits by about £3m to £9m.

De Lu Rue's mainstream business should have done quite well, even though the market for bank notes has been depressed, by dint of cutting costs and increasing market share.

The contribution from related companies could be £1m lower than last year, which was buoyed by one-off business related to the Nigerian election.

Much of the improvement expected in interim results from McCorquodale to about £4.2m (£3.2) will reflect a change in accounting policies. However, a modest underlying improvement will stem from rationalisation of the UK printing operations, and from the effect of the strong dollar on its U.S. earnings.

Against a £35m pre-tax profit that Habitat-Mothercare is expected to produce next week, the forecast loss from Mothercare's U.S. operations have assumed a market significance disproportionate to their size. Analysts are now forecasting a loss of around £2m, as the stores have encountered continuing merchandising problems, and the performance measured in dollars be magnified by translation.

In the UK, Mothercare is expected to improve on the disappointing 8 per cent says increase in the first half, and may contribute as much as £32m to the total. Progress at Habitat's UK stores should continue unabated, although the recently refurbished Heals is likely to remain in the red. The contribution from Richard Shops may swing from a small profit last year into loss, reflecting a slower rate of property disposals.

The City is not expecting to receive any more encouragement from Norcros' final results than it got at the interim stage. The average forecast is £33½m—a negligible increase on the previous year — although the range is wide and some analysts are expecting as much as £36m. A handful of the engineering companies and Crittal Construction are likely to continue to cause problems, although losses may be slightly reduced at Crittal, by the recent halving in the production area.

In the ceramics division past capital expenditure should lead to a further widening of margins, and with some volume gains forecast the division should have had a good second half, contributing £10m for the year. Print and packaging, the most consistently profitable part of the group, should bave another successful year, and increase its profits by some 20 per cent to £8m.

Lucy Kellaway
Terry Povey

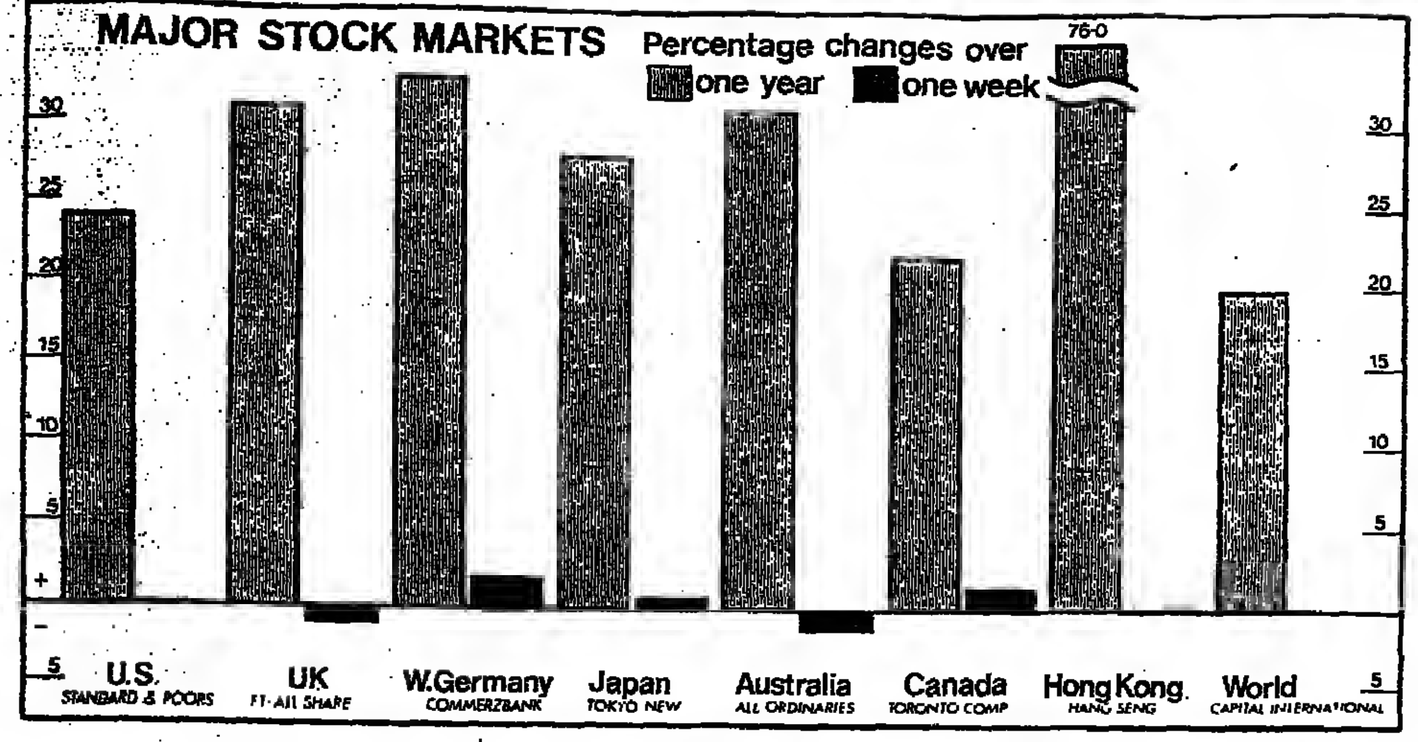
INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.00	7.12	5.59	4.07	half yearly	1	—	0-7
High interest cheque	9.00	9.31	7.32	5.32	quarterly	1	2,500 min	0
3-month term	8.56	8.84	6.95	5.05	quarterly	1	2,50-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.00	10.25	8.05	5.86	half yearly	1	500 min.	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-100/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.59	9.82	7.72	5.61	half year	1	2,500 min	7
Schroder Wagg	9.04	9.42	7.40	5.38	monthly	1	2,500 min	0
Provincial Trust	5.57	10.00	7.86	5.71	monthly	1	1,000 min	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	11.49	8.48	6.97	5.47	half yearly	4	—	0
11% Exchequer 1990	11.43	7.91	6.15	4.40	half yearly	4	—	0
10.25% Exchequer 1995	11.37	7.98	6.30	4.63	half yearly	4	—	0
3% Treasury 1987	8.72	7.56	6.93	6.40	half yearly	4	—	0
3% Treasury 1989	9.34	8.26	7.73	7.19	half yearly	4	—	0
Index-linked 1988¶	9.56	8.97	6.98	6.40	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Airflow Streamlines	Monday	0.25	0.75	0.25
Atkins Brothers (Hosiery)	Tuesday	1.35	3.65	1.35
Brown and Jackson	Wednesday	—	—	—
Brownlee	Thursday	1.15	2.35	1.3
Century Oils Group	Thursday	1.0	2.5	1.0
Chapman Industries	Tuesday	2.2	5.8	2.3
De La Rue	Tuesday	6.2	18.4	8.25
FKI Electricals	Monday	0.18182	0.20455	0.225
Gieves Group	Tuesday	0.73333	1.76666	1.0
G.T. Global Recovery Investment Trust	Friday	0.75	1.25	0.75
Habitat Mothercare	Thursday	2.0	4.5	2.4
Henderson Administration	Wednesday	—	—	—
Hadden Hydromen	Tuesday	—	—	0.975
L.C.P. Holdings	Thursday	1.8	2.2	1.8
Morgan Communications	Tuesday	—	0.3	1.0
New Throgmorton Trust (1983)	Tuesday	1.0	1.25	1.0
Norcros	Tuesday	2.3	5.2	2.6
Pegler-Hattersley	Wednesday	5.0	8.5	5.25
Plysu	Tuesday	0.8	1.9	0.94
Reed International	Wednesday	5.0	11.5	5.75
Sketchley	Wednesday	4.1	8.8	4.3
Semic	Friday	1.0	1.0	—
Trans-Natal Coal Corporation	Thursday‡	30.0	30.0	30.0
TR Natural Resources Investment Trust	Monday	3.5	4.0	3.6
UKO International	Tuesday	—	3.0	—
Walker, C. and W. Holdings	Thursday	—	—	—
Wassall, J. W.	Monday	—	1.0	—
INTERIM DIVIDENDS				
Buffelsfontein Gold Mining Company	Thursday†	300.0	375.0	
English China Clays	Friday	3.6	6.0	
Grootvlei Proprietary Mines	Thursday‡	51.0	104.0	
Hanson Trust	Tuesday	1.16667	2.16667	
Irish Distillers Group	Thursday	1.5	5.65	
Keystone Investments	Wednesday	4.0	5.0	
Marievale Consolidated Mines	Thursday‡	18.0	36.0	
McCorquodale	Tuesday	2.0	3.4	
Nottingham Brick	Thursday	1.5	3.5	
Piccadilly Radio	Friday	0.875	1.0	
PLM AB	Tuesday†	—	5.40	
Saint Helena Gold Mines	Thursday‡	155.0	165.0	
Smart, J. and Co. (Contractors)	Thursday	1.1	2.85	
Sullfontein Gold Mining	Thursday*	130.0	180.0	
United Spring and Steel Group	Thursday	—	—	
West Rand Consolidated Mines	Thursday‡	30.0	60.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Kr per share gross. ‡ Cents per share.



Frankfurt

Foreign buyers send shares soaring

IT'S AN ill wind that blows no one any good. Even the recent election setback for West Germany's Chancellor Helmut Kohl has had some positive spin-offs on the local stock market.

Herr Kohl's Christian Democrats are still smarting after their poor performance in the state election in Rhineland-Pfalz in mid-May. But as part of the electoral fall-out, there has bene intense debate about injecting a bit more life into the economy, particularly the hard-pressed building industry. As a result, stocks associated with the building trade—which have been among the also-rans—have shown some signs of revival, or at least of hope.

The market scarcely turned a hair at the sight of the Christian Democrat vote dropping from 43.2 to 36.5 per cent in West Germany's biggest state, with the Social Democrats retaining power by increasing their vote from 48.2 to 52 per cent. Market optimists were more inclined to point to the recovery in the fortunes of the liberal Free Democrats and the failure of the anti-establishment Greens to win any seats.

While government politicians in Bonn have been going through agonising reappraisals of their prospects of winning the next federal election early in 1987, the stock market has simply bounded ahead to new record levels. Since the polling day three weeks ago, the market has hit a new peak on every single trading day bar one.

From its trough of August 17 1982 the Commerzbank index of German shares has more than doubled from 650.2 to 1,345.7. The revival set in before Chancellor Kohl's conservative-liberal Government came to power in Bonn late in 1982, but the volume of trading and share price levels showed a sharp rise in the early months of the new Government. After some faltering last year, prices have been going ahead strongly this year, with the Commerzbank index up 21.4 per cent since January 1.

Foreign buying, especially from the U.S. and the UK, has been the driving force behind the share price momentum in recent months. And, not unexpectedly, the buying has been concentrated on the best known international stocks.

Share prices have been buoyed up by the growing feeling that relatively low interest rates may have some while to run yet. In the strategy of foreign investors, there also is increasingly the thought that the D-mark may be good for currency gains.

The banks, which have been earning record or near record profits in the past couple of years, have been among the main centres of attraction for foreign buyers lately. Even though some banks have reported a narrowing of interest rate margins this year, they stand to benefit from the present constellation in money markets. Deutsche Bank, West Germany's largest and most prestigious, has been changing hands at over DM 530, compared with a price of below DM 400 at the beginning of the year. The whole banking sector, as measured by the Commerzbank index, is up 30 per cent so far this year.

Among car manufacturers, Daimler-Benz has been irrepressible. It has not only increased its car sales in West Germany, in sharp contrast to an overall decline in the market; it also has managed a coup with its takeover of a majority stake in the Dornier aerospace company, which it sees as a further gateway into high technology. Trading at around DM 600 at the beginning of the year, Daimler has been cruising lately at around DM800. As with the banks, the automobile sector shows a 30 per cent gain since January 1.

The chemical companies, boosted by strong export earnings, have also been a target for foreign investors, with the sector showing a 20 per cent rise since the beginning of the year. Electrical companies and the once-shunned steel concerns also show a 20 per cent rise. But the biggest gain so far this year (up 45 per cent) is the insurance sector.

With even the building trade attracting the attention of optimists, retail stores remain the only sector to have slipped since the beginning of the year.

Because of the strong foreign interest, the West German bourse has been trading in fairly euphoric fashion in recent times. But moves are gathering pace to introduce much-needed reforms. For foreign investors, it can be bewildering to realise that the German bourse, in fact, consists of stock exchanges in eight cities—a reflection of the decentralised nature of the country. But various bankers, including Dr Wolfgang Roeller, the new head of Dresdner, have warned that steps must be taken to bring about more integration.

Plans to open the stock market to a larger number of small and medium sized companies also are going abroad. The Government has drawn up a proposed law to give statutory backing to a segment of the market to which smaller companies will have easier access. A lot of controversy at the moment is over whether banks should be given the exclusive right to bring such companies to the market as a kind of guarantee that their affairs are in order. To the surprise of the banks, this is not envisaged in the draft law. However, a few of the companies launched on the stock market over the past two years have run into difficulties, and this is most distinctly frowned upon by the conservatively minded West German investors and bankers.

John Davies

New York

Dow nears a record

MAY HAS turned out to be a better month on Wall Street than many had expected and share prices have ended the month higher than they started for only the fifth time in the past two decades.

It is not hard to see why U.S. interest rates have been heading lower most of the month: and even after the cut in the U.S. discount rate a fortnight ago rates have continued to weaken, with some analysts beginning to talk about the need for another cut in the official rate to stimulate the flagging manufacturing sector of the economy.

On Thursday, the Commerce Department released the April Index of Leading Economic Indicators, a key barometer of the economy, which showed an 0.2 per cent fall. The index has been essentially flat for more than a year now as the economy has ground to a halt. The same day, IBM, the bluest of America's blue chip stocks, echoed the concerns of many big companies about the weakness in economic growth which appears to be continuing in the second quarter.

In the first quarter, IBM's earnings declined by 18 per cent ad it is now saying that "it will be very difficult to show any growth in the second quarter and a slight decline is probable."

IBM shares, the performance of which so far this year has been lacklustre, slipped $1.75 to $128 following this news, a far cry from their February record high of $138.25. The company is still talking stoically about "a strong second half" and a "particularly strong going rate into 1986" but the analysts are getting restless.

In the second quarter of last year IBM earned $2.65, and most analysts are downgrading their 1985 second quarter forecasts of around $2.75 a share. If the company is to make the $11.50 for the full year—which, until recently, was at the lower end of the analysts' range—it will have to show earnings growth of close to 20 per cent in the third and fourth quarters of 1985.

Malcolm Baldridge, the U.S. Commerce Secretary, said he was disappointed with the latest figures on the economy but stressed that it was only in a "temporary lull" and would show "stronger growth through the rest of the year."

After last week's jump into new high ground, U.S. share prices have been consolidating their gains during the present holiday-shortened week. The Dow Jones Industrial Average slipped on Tuesday but stayed above the 1,300 level and crept higher for the next couple of days: by Thursday evening, it was at its second-highest level ever—1305.78

If the Fed were to drive U.S. interest rates still lower in a bid to re-ignite the economy (and analysts are about equally split on the wisdom of such a move), share prices will move ahead. In the meantime, they are likely to mark time.

President Reagan's plans to overhaul the tax system this week were greeted as sensible. Merrill Lynch even went so far as to say that if the President's "tax simplification" programme was implemented, it would mark "an important landmark" in the nation's tax laws. But it had little impact on share prices.

Most of the details had been leaked and, as everyone knows, it is one thing to have a shiny tax programme but quite another to get it implemented. As a rule of thumb, the new proposals are said to be "bad for the rust belt industries and good for the service sector." The President's bias towards lower rates should benefit such high tax-payers as the "high-tech" companies but capital intensive firms, such as General Electric, are not so happy and argue that the new measures could further weaken the competitiveness of America's industrial base.

General Motors (GM), the car giant, is another major blue chip stock whose share performance has been uninspiring recently. After peaking at $85 earlier this year it has fallen back sharply and is now trading around $6 below where it began the year. This compares with a rise of nearly 100 points on the Dow and a 13 per cent rise in the overall market.

Wall Street analysts are worried that the company's aggressive modernisation programme is going to depress earnings. The company said last week that it is planning to spend $9 bn this year, which is twice what it earned last year. Roger Smith, GM's chairman, says the company owes it to shareholders to invest these massive sums and the long term effect will be "tremendously positive."

MONDAY	CLOSED	-
TUESDAY	1301.52	−0.45
WEDNESDAY	1302.98	+1.46
THURSDAY	1305.78	+2.80

William Hall

Mining

Gold gets the blues

"KEN," said my mole yesterday, "see that the job of chief executive and managing director of BP Minerals International has gone to JOHN JUMP?"

"So?" I said.

"Well, he's a mining man; knows about coal."

You mean that BP, alone of most other oil companies in the world, intends to stay with mining?"

"What's right. Know what I mean?"

"BP," he added, "is going to keep into mining and, what is more, maybe wants to expand."

"Expand? I'll believe that when it happens."

"No," he said, "it's right. I hear that they are going ahead with the big Olympic Dam copper-uranium-gold project in South Australia, and what's more, on a full basis, which means anything up to A$3bn (£1.58bn) with their partner, Western Mining Corporation."

"You've got to be joking," I said. "The most that we could expect would be for Olympic Dam to go ahead on the initial basis of its gold alone."

"No," he said. "They are thinking of going right away from the start on the big basis. And what is more," he said, "you'll hear about this before the end of the year."

"We'll see."

THERE ARE times when you just cannot win. A year ago, Louise du Boulay, author of Consolidated Gold Fields' much respected annual review of the world gold market, was feeling confident: "There are already signs that the mood of the market has improved in recent months," she wrote, pointing to rising retail sales, which helped the jewellery industry, and a favourable economic climate.

Sure enough, the physical—as opposed to investment—demand for gold gained strength in the rest of the year. The amount of the metal being made up into jewellery and other products rose 22 per cent to 1,220 tonnes, out of a total new gold supply of 1,439 tonnes.

However, expectations that the price would slot into a firm trading range of $370 to $400 per ounce were soon dashed. Ruefully, Louise du Boulay has pointed out this week in "Gold 1985" that the price was dragged down by the strength of the dollar.

To be fair, she did emphasise a year ago that the dollar remained a dominant factor and few, if any, observers expected it to carry on rising as it did until March of this year. Furthermore, the so-called investment demand, which can stand this market on its head, had little incentive in the face of low inflation and high interest rates.

From a gold share investor's point of view, all this comment on the dollar price of the metal may seem irrelevant. After all, mines in countries like South Africa and Australia, where the value of domestic currencies has been weak against the dollar, have been getting correspondingly higher prices at home and doing very nicely.

What really matters is that good old law of supply and demand, and here "Gold 1985" makes some interesting points. Despite all the heightened interest in gold mining, it is not expected that there will be any major increase in production to unsettle the market. In fact, the pace of expansion is expected to slow, and could be reversed by the end of the century.

Then, there is the matter of production cost to be considered. For the time being, the gold price seems stuck in a range of $300-$330 while mining costs continue to rise.

It is estimated that a sustained price of at least $300 is needed just to maintain production outside South Africa at current levels to 1990. Any sharp increase from a generation of new mines would require $400 or more.

South Africa's output is not expected to increase much and, against this background, it seems that we can look forward to a fairly stable supply of gold to the market with a reasonably secure floor price of around $300

In other words, the price is far more likely to go up than down but it might not vary greatly while paper currencies appear reasonably secure. If you want a copy of "Gold 1985," you can obtain one free of charge from Consolidated Gold Fields at 49 Moorgate, London EC2R 6BQ.

Kenneth Marston

The stock market

Delights of bed and breakfast

THE POPULAR British tradition of bed-and-breakfasting on the stock market which has been suppressed for the last three years has now been given implicit approval not only by the current Finance Bill but also by the Government.

Bed and breakfasting involves the sale of shares late one afternoon and their re-purchase first thing the following morning usually through a special deal with the jobber. By crystallising a captial gain or los, the manoeuvre is designed to make maximum use of the annual exemption from capital gains tax of (in 1985-86) the first £5,900 of gains. The aim is to realise just the right amount of gains and offsettable losses each year so as to reduce any future CGT liability.

The efficacy of bed and breakfasting was however undermined in the 1982 Finance Act as a by-product of the new rules on the pooling of shares in the same company. These were made necessary by the introduction of partial inflation adjustment provisions. The only way of side-stepping the new rules was by selling and buying back shares over a weekend between Stock Exchange accounts, which was expensive (because of stamp duty and jobber's turn), risky and cumbersome.

The Finance Bill passing through Parliament makes tha inflation adjustment provisions comprehensive and repeals the 1982 pooling rules. Thus bed and breakfasting is nnce again a posisibility.

The only threat to the practice from within the Finance Bill is another clause designed to rule out the purchase and sale of shares (in that order) within a ten-day period between two months to gain a full month's indexation allowance. As drafted. the clause appears possibly to rule out bed-and-breakfasting also. But the Government is considering tha introduction of an amendment to remove the ambiguity at the Report Stage.

But there is another threat to bed-and-breakfasting lurking in the wings as a result of a judicial Lords decision against tax avoidance 15 months ago in the case of Furniss v Dawson. The Law Lords ruled that any step inserted into a pre-ordained series of transactions purely for the purposes of avoiding tax could be disregarded.

Thus, by wielding the Furniss v Dawson *principle*, the *taxman* could claim that the entire bed-and-breakfasting transaction should be disregarded and that the capital gain should be assessed when the shares are ultimately sold on the basis on the original acquisition cost.

But the Government now apears to accept that bed-and-breakfasting is a legitimate way of making use of the annual CGT exemptions and should not be treated like other artificial tax avoidance schemes.

During the Finance Bill debate, opposition MPs complained that bed-and-breakfasting would permit abuses of the new CGT rules. In response, Peter Rees, Chief Secretary to the Treasury, wrote in a letter: "I readily acknowledge the related point you make, that where the investor who 'bed-and-breakfasts' realises gains within the capital gains tax threshold, and assuming he has no other capital gains in the year in question, he will make full use of his exemption each year. But this could be regarded as utilising the threshold to best advantage . . ."

Rees also accepted that the investor who bed-and-breakfasts a capital gain will also be granted a higher (inflation) indexation allowance because the allowance will be calculated as a percentage of a higher base cost.

Thus te new indexation rules give a further incentive to the practices of bed-and-breakfasting. A further attraction arises from the changes in the Stock Exchange next yeor, in particular the abolition of fixed rate commissio and of the distictionn between stockbrokers and jobbers. These should allow bed-and-breakfasting to be carried out more cheaply than at present. If not in the current tax year then certainly by 1986-87.

In any case, there can be little justification for engaging in bed-and-breakfast now during the summer months. Investors traditionally wait until the last few weeks of the tax year in March when they know more precisely what gains and losses they have made

An article on these pages last July 21 entitled "The Dangers of Livink to 105" discussed the danger tha a popular Capital Transfer Tax avoidence scheme marketed by Legal & General and other insurance companies would be attacked by the Inland Revenue.

Their so-called discounted gift schemes involve making a gift intn a trust to reduce your assets in the trust. The schemes involve the use of life assurance policies and depend on the policyholder dying before the age of 105.

After long and nnexplained delays, the Revenue now appears to be granting approval to some of the calculations on which these schemes are based —and thus possibly to the validity of the schemes themselves. But the Revenue has not yet explicitly ruled out an attack using the principles in Furniss v Dawson.

Clive Wolman

New products

The Canadian connection

IMPERIAL LIFE of Canada is launching its own unit trust under the name Laurentian Growth Trust. More unit trusts will follow this year, the company says. In the unit-linked life insurance sector Imperial's equity fund is currently the best performer in its sector over a five year period.

Loans secured on housing

BRISTOL and West Building Society is offering personal loans to existing borrowers for any purpose—not just for home improvements. The loans are secured on the borrower's house.

The nominal interest rate is 3 percentage points over the society's normal mortgage rate, so it would currently be 16.75 per cent. The annual percentage rate (APR) would work out to 18.5 per cent over 20 years or to 21.1 per cent over five years.

Heir today . . .

LONDON LIFE, one of the insurance companies that does not pay commission to brokers, is offering an inheritance trust scheme designed to avoid Capital Transfer Tax on your death while keeping you in control of your assets until then.

PERSONAL INVESTOR is a new and very glossy magazine aimed at people in the UK with an income of over £100,000 a year or with assets of over £250,000. The publishers say this select band numbers 74,000. At £2.20 a copy it is unlikely to appeal to anyone earning mnch less.

The focus is on people: businessmen and investment managers on one side, and wealthy investors on the other. All the better if their investments are their hobby—wine, racehorses, vintage cars and swimming pools all feature prominently in the first edition.

Personal Investor, 26 Queensway, London W2 3RX.

Endowment flexibility

HILL SAMUEL Investment Services, a member of the merchant banking group, this week launched two new financial products, a Flexible Endowment Plan for repaying a mortgage and a Capital Preservation Portfolio, for use in Capital Transfer Tax planning.

Under the endowment plan, the mortgagor's money is invested in unitised funds and, if he moves house or makes home improvements, he has the option to increase the sum assured. Endowment mortgages are still encouraged by building societies (who earn large commissions from their sale). But particularly since the removal of life assurance premium relief last year, they offer *worse* value than *a pension* or repayment mortgage.

The Capital Preservation Portfolio also uses unit-linked life assurance, this time through a single premium policy. Its tax avoidance potential is limited especially when the capital gains tax consequences of switching assets is taken into account.

Japanese income trust

INCOME from Japanese and Far Eastern shares is usually low or non-existent. So why is Fidelity launching a Far East Income Trust?

The fund will invest mainly in bonds and convertibles, not shares, and will be managed by Fidelity's international fixed interest team in London, not by its successful Tokyo investment office.

Fidelity says the Japanese bond market has been the best in the world over the last 10 years, averaging a 20 per cent per annum return for sterling investors. It says the new fund should be more stable and defensive than *Far Eastern* equity funds.

The initial yield is 4.75 per cent. The front end charge is 5 per cent, with annual fees of 1 per cent, rising next May to 1 per cent.

BES funds

AFTER THE last flush of Business Expansion Scheme offerings aimed at giving tax relief to investors for the 1984-85 tax year, the new year's funds are now stepping forward.

Alpa IV, like the earlier Alpha funds, is managed by stockbrokers Laurence Prust and by the development capital group Oakland Management. It will spread its investments, with not more than 20 per cent of the fund in any one company.

Among the companies *Alpha* is considering investing in are one which seeks to produce medical dressings using radio frequency fields, and an established office automation company on the south coast.

The minimum investment is £2,500, on which investors can claim tax relief at their highest rate. The fund is seeking to raise £1.5m, and will close for subscriptions on July 9.

For those who want to invest under the BES rules directly in a company, licensed dealer Johnson Fry is offering shares in Nightingale Secretariat, which provides short term office accommodation in London. The value of the investment will consist largely of the value of the buildings Nightingale occupies.

Money for vacationers

Towards the cashless holiday

FOR THE compulsive organiser, arranging money fnr yuur holiday is now a distressingly simple affair.

Gone are the days when you had to order foregin currency from the hank a month in advance, and have all the details registered in the back of your passport.

For many countries you can get by with no forward planning at all—your existing credit cards and a book of standard Eurocheques will do.

Eurocheques are now available from Midland, Lloyds and Natwest banks. You can pay your restaurant bill or draw cash from the major banks in all European countries, including such exotic locations as Albania.

The system is expensive. As well as paying £3 a year for the Eurocheque guarantee card, you will be charged 30p plus 1 per cent of the value each time you write a cheque—with a minimum of £1.50 per cheque.

But it is very convenient, and your money is not tied up until you actually spend it—unlike travellers' cheques, where you are, in effect, losing interest from the moment you buy the cheques.

Fnr travellers' cheques the charge is usually 1 per cent of the value, but some building societies such aa the Leeds, will make no charge to account holders.

Don't take travellers' cheques in obscure currenciea from obscure banks. It is hest to stick to American Express—which the Leeds uses—Thomas Cook and Visa.

Sterling is usually hest, unless you are travelling to the U.S. or to remote parts of the world where only the dollar is known. Dollar travellers' cheques are unnecessary for, say, France, and you will simply expose yourself to two sets of exchange rate fluctuations.

Local currency travellers' cheques can prove less acceptable—some hanks will not cash their rivals' products.

Avoid overelaboration. If you try to play around with exchange rates you may win a little on the currency swings, but you will probahly pay for it twice over in commission charges each time you change your money.

If you can, take enough currency with you to cover a day or two. This is particularly important if you arrive on Friday, as you may not be able to cash a cheque over the weekend—and some French banks stay closed on Monday, too. Credit cards should cover most emergencies of this sort, and usually give a fair exchange rate.

Although life is now much simpler, there are still some pitfalls. Here are some points to watch out for in the main holiday countries.

United States: Take nothing but dollars. The Americans do not understand foreign currencies, and even if you do manage to change your English notes or sterling travellers' cheques, you will get a terrible exchange rate.

Without a credit card you are not a real person in the U.S. Even if you never use it for payment, you will find an American Express or Visa card is far more widely accepted as identification than a British passport.

Travellers' cheques in the U.S. are money. You can use them readily in shops and bars, and there is no need to change them in a hank. You should therefore take small denominations with you. Do not let your hank fob you off with $100 or $200 cheques. And make sure they are denominated in dollars.

Mastercard (Access) and Visa (Barclaycard) are each accepted in over 2m locations in the U.S. Banks are usually open Monday to Friday, 9 am to 3 pm.

France. Eurocheques are widely accepted, hut if you try to cash one in Paris you may be directed to a specialist bank branch. For this purpose they can be treated as foreign currency, even if you write the cheque out in francs.

Visa, with 275,000 outlets, is generally reckoned to be more useful than Mastercard, with 114,000.

If you are bringing more than FFr 5,000 into the country, you should declare it on your way in.

Banks generally open Monday to Friday from 9 am to noon and from 2 pm till 4 pm.

Greece. You may only take 3,000 drachmas into or out of the country with you — about £17.50. Visa claims 16,500 outlets in Greece to Mastercard's 13,300. Banks open from 8 am till 2 pm.

Italy. There is no limit on how much foreign currency you may take into the country, but for Italian money you are restricted to L400,000 (£160) entering or leaving. The Italian tourist board advises you to check this figure with your bank just before you depart as it is "liable to change from day to day." If you are hringing in more than L1m (£400) in foreign currency or travellers' cheques you are advised to fill in form V2 when you arrive in Italy.

Visa claims 77,000 outlets to Mastercard's 40,000, hut even Visa executives concede that Mastercard, or Access is more useful in Italy.

Banks open from 8.30 am to 1.20 pm, and soma are also open in the afternoon.

Morocco. The dirham may not be taken into or out of Morocco, so you will have to do all your money changing inside the country. You should spend or change every last dirham before you leave—and you cannot do this in the airport departure lounge, so take precautions in advance. Visa has 2,380 outlets and Maatercard 850, although a big recruitment drive is planned. But travellers report that even bazaar traders will often take credit cards.

Banks open Monday to Friday from 8.30 to 11.30 in the morning and from 3.30 to 5.30 in the afternoon.

Portugal. You may bring 5,000 escudos (£23) per person. Banks are open from 8.30 to 11.45 in the morning and from 1.00 to 2.45 pm, Monday to Friday. Mastercard boasts more outlets here—8,300 to Visa's 8,000.

Spain. You may bring in up to 150,000 pesetas in Spanish currency (£675) and can take out up to 20,000 pesetas in Spanish notes (£90) and 80,000 pesetas in foreign currency (£360).

Midland Bank customers can use their Eurocheque cards to draw money from Spanish cash machines—be sure to remember your code number, which will not be the same as your UK Autobank code.

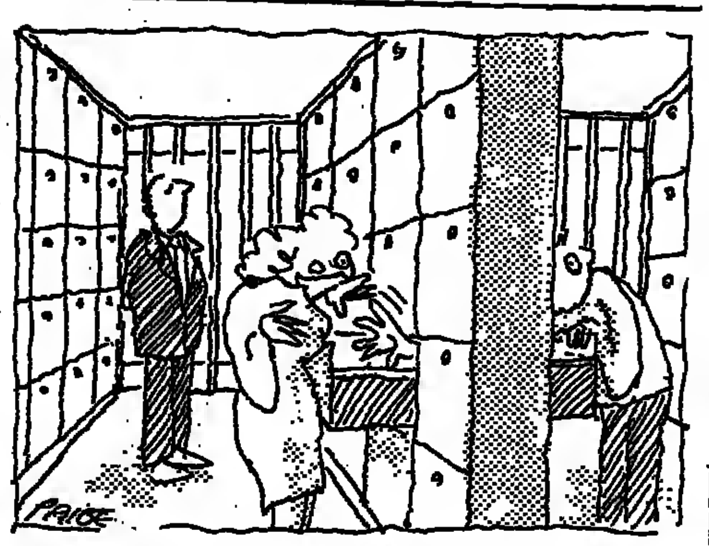
Mastercard claims 160,000 outlets to Visa's 225,000, but again, Visa executives say their rival may be more widely useful.

Banks open Monday to Friday from 9 am to 2 pm and on Saturday from 9 am to 1 pm. But the cashiers may shut up shop an hour or so before the bank itself closes.

Turkey. There is no restriction on bringing currency into the country, but the Turkish tourist board advises travellers to change their money when they arrive. The exchange rates are much hetter than you will obtain in the UK, it says—650 lira to the pound, against about 545 lira in London.

Banks are open from 8.30 till noon and from 2.00 pm till 6.00 pm, Monday to Friday, but cashiers' tills may close earlier. Visa has 4,000 outlets to Mastercard's 3,000.

George Graham



What should I do with my documents?

WHAT COULD be a safar place for nur important documents than the hank? As safe as the Bank of England? Perhaps not —or was I just unlucky?

Last summer I decided to look into the attractive schemes hatched by building socienes who offer banking services plus good interest. But what to do with the wills, bonds and policies held hy my hranch of Barclays in Cambridge? I visited it one midday to look through them, hut both keyholders in the securities department were at lunch, with the keys. First Black Mark: a hit risky, as well as inconvenient for customers.

I returned some hours later and was somewhat sheepishly given my documents to check in a comfortable corner. After doing this I returned them for the time heing.

Second Black Mark: identification depended on fairly casual recognition, though I had not used that department for some time. Anyone looking plausible, confident and vaguely familiar stands a chance of seeing someone else's papers.

Third Black Mark: I wasn't asked to sign until I returned the papers after 10 minutes, which I might have spent practising the signatures that abounded. It is notorious that when a customer jokingly says "That doesn't look like my signature: blame the weather/old age/arthritis/ballpoint" the usual British tradition takes it as a sign of honesty.

Some days later, after giving notice, my wife and I returned to draw out all the papers. Back home again we realised that one document was mising, for which, fortunately, the bank had given a specific receipt. But on my next visit, after more 'phone calls and another ten-mile trip, I found that after turning the files inside out they were certain they hadn't got it, and therefore "I must have already taken it and lost it." Then, as I left after a baffling discussion, a clerk ran after me. They had just found it.

Fourth Black Mark: carless storage.

The effect of the whole fiasco was to make my decision for me. On this evidence of unsafe keeping I passed the papers to my solicitor (who surely can't be less efficient than this), closed an account that I started as an undergraduate over 40 years ago, and now enjoy the benefits of the Alliance BankSave scheme with, so far, no reservations or regrets.

P.S. Advice for nervous depositors: Mark each envelope you deposit and keep your own record of when you deposit it, when you withdraw it and how each envelope is marked. See that their ledger also shows full details.

When taking them out, don't just count the envelopes or papers but check each one singly. Why? Some banks' approach to our precious documents may seem whimsical. If a married couple have a joint account they may file some under his name, some under hers, some under their combined names, possibly splitting up some papers for this purpose. There is some sense in this, provided one knows.

But don't blame the staff for the overall hoo ha and the poor security: it's the national system that creaks a bit.

Alan Stripp

Retirement

Advice on how to grow old gainfully

PROVIDING financial products for the retired is big business as more organisations are realising it. Over the last few decades we have become more financially sophisticated. Many people have an endowment savings plan, maturing as they approacb retirement. Many will have a company pension scheme which offers a tax-free lump sum.

Insurance companies recognise that while they are paying out large sums as endowment benefits or the proceeds of insured pension schemes, they may well be losing the chance to get some of it back through insurance bonds or other investment products. So they are now fighting to retrieve the money.

Some employers offer to their staff the services of an insurance company or financial adviser who will give a talk to a group, analyse individual needs in private meetings and say what should be done. This is, a selling exercise, and the investor should be aware of all the normal caveats which apply to using intermediarles.

Investors facing retirement are vulnerable. An unknown and dauntiog period of change is before them and they may have the largest lump sum of their lives. An adviser giving individual recommendations to these clients might expect to "convert" (do business with) three-quarters of his contacts.

Most advisers who are involved in activity such as this, maintain a low profile and avoid the excesses of pressure selling. Pensioners are a financially vulnerable group, and a scandal over lost benefits through unsound investment advice is a nightmare for employer or adviser.

Municipal Life Assurance (MLA) provides an individual retirement counselling service to local authority employees. Seven per cent—about 2½m people—retire each year. With such business available, MLA can afford not to be greedy. They find that 25 per cent of investors' money available comes into its products through counselling activities, though it says that 80 per cent of the people they advise invest more with them than they recommend.

MLA describes its approach as "very low key." Its reoreaeotatives are salaried, and do not earn commission on products sold. Recommended investments may include insurance bonds, unit trusts, hoilding societies, or National Savings.

MLA will recommend products from other companies, but only where it does not have the particular product in its range. It does not preteod to be an expert in DHSS henefits. Complex queries on these woold be handed on to the DHSS staff who speak at the introductory seminar.

MLA gives advice to those in the £12,000-£20,000 salary range, with expected pensions of £8,000-£9,000. As these figures might indicate, MLA's main problem is the need to supplement reduced income.

A much smaller company operating a similar type of counselling service is Whitechurch Securities, run by former fund manager Kean Seager. Whitechurch specialises in unit trusts. Seager visits plaots in the ICI paints division to offer talks to groups and individuals on finance in retirement.

They might speak to people at least twice, once a couple of years from retirement, and once just before. He likes to have talked to a person for at least two hours before dealing, but even then, as he says: "You can't make someone an expert on age allowance in two hours."

He works exclusively on commission, with no additional fee from ICI. His experience echoes that of MLA. He finds clients mainly have long-term income reqnirements. Hence there is frequently a need to construct portfolios with the highest possible yield consistent with safety and keeping pace with inflation.

Seager conducts something of a one-man crusade to persuade retirement clients to buy unit trusts in preference to insurance bonds. Because of the difference in capital gains tax treatment between the two forms of investment, unit trusts are likely to outperform bonds in the long term.

Bonds pay significantly higher commission, and have therefore always been strongly sold by insurance intermediaries. Unfortunately, conveying all this to the investor involves a long and involved explanation. Clients fall back on ao irrational feeling that the iosurance investment "must be more secure," even thougb both vehicles have unit prices which can fall as well as rise.

Seager's view is that insurance companies which offer financial advice to the retired "may he respectable, hut they are not unbiased." Perhaps it is to avoid this criticism that companies well-known for offering pre-retirement courses steer clear of outright recommendation.

Employees coming up to retirement should bear in mind the following:

● Plan ahead for retirement — several years ahead if possible. The tax advantages of additional voluntary contributions, which can he used in the pre-retirement years to boost pensions, are not widely appreciated.

● Press your company for information on the benefits you are likely to receive. Many people who are only three months away from retirement do not know what their pension will be.

● Before you reach retirement, take advice on the relative merits of lump sum cash benefits as opposed to an increased pension.

● Bear in mind the effects of inflation on your financial position in retirement, and allow for it in your planned portfolio.

● Most basic of all, and not often considered: will your present arrangements give you enough to live on in the long term, and if not, what steps can you take to improve matters?

Christine Stopp

Home loans

Shop around for bargains

NEVER HAS it been more important not only to shop around for the cheapest mortgage when you buy a house, but also to keep on the look-out for better bargains even after you've settled down with one lender.

The official dismontling of the building societies' interest rate cartel 20 months ago did not spark an immediate revolution. But the longer-term effects are now being felt with mortgage interest rates on the same size loan varying from 11.5 to 13.25 per cent.

More important, in spite of the slow inflow of funds to building societies over the last four months, there is plenty of money available to borrowers and some lenders have started advertising their services. The old restrictive practices of the societies in lending only to long-standing depositors are gradually disappearing as newcomers, particularly foreign banks, appear on the scene.

Of the larger societies and the hanks, only the Nationwide, Alliance and Leicester (due to be merged) and Barclays are now imposing such restrictions. Most can offer you funds immediately although there is a six to eight week delay from the Woolwich.

The other important chanee is the removal of some of the interest rate differentials on larger loans and on interest-only loans which used to be justified on social, but not commercial, grounds. Many banks, particularly the foreign banks, impose no extra charges for large loans or for endowment and pension mortgages. Some even charge lower rates, if you borrow more.

Most insurance companies insist that you borrow money from them using an endowment policy. But if you have an alternative, avoid endowment mortgages. For reasons explained last week, since the removal of life assurance premium relief in the 1984 Budget, they represent very poor value and where possible you should go for a pension mortgage.

Not all the restrictions on mortgages however are being lifted. Some societies such as the Halifax have reduced the maximum multiple of the borrower's income that they are prepared to advance. The typical figures now are 2.75 or 3.0 times a first income and one times a spouse's income. If you are offered a worse deal than this, look elsewhere. Some lenders are prepared to go above three times.

In relation to the value of the property, the maximum loan is now typically 75 to 80 per cent. But on newer properties, you can sometimes be offered near to 100 per cent.

The adjacent table and decision tree show where you can get the best deals if you are moving house or taking out a mortgage for the first time. The problem of whether and how you should switch lenders if you already have a mortgage you consider to be too expensive will be discussed next week.

Clive Wolman

THE LOWEST INTEREST RATES

Amount £	Lender	Interest %	Special restrictions
Repayment mortgage			
1-15,000	Barclays Bank	13.25	
Negotiable	Lloyds Bank	13.25	0.5% one-year discount
5,000-	Bank of Scotland	13.50	
15-150,000	National Westminster Home Loans	13.50	
15-150,000	Midland Bank	13.50	
Endowment mortgage			
Negotiable	Eagle Star Insurance*	11.50	Fixed interest rate
5-150,000	London & Manchester Insurance*	13.50	
40,000-	United Bank of Kuwait	13.50	Max.: 70% of house
Pension mortgage			
0-negotiable	Lloyds Bank	13.75	High rate possible
30-250,000	Bank of America Finance	13.75	
30, 40-250,000	Kleinwort Benson	13.75	
40,000-	United Bank of Kuwait	13.50	Max.: 70% of house

* An endowment policy must normally be taken out with the lending insurance company.

THE LARGEST LOANS

Income multiple 1st	2nd	joint	Lender	% of house value	Interest %
4x	0.5x	2.25x	National Counties	80	
3.25x	0.5x	1.875x	Leamington Spa	80-95	14.75-15.50
2.7x		2.5x	Staffordshire	95-100	14.00-15.50
3.0x	1.5x	2.25x	Property Owners	95-100	14.75-16.25

Source: Blay's Mortgage Tables, Churchfield Road, Chalfont St Peter, Bucks, SL9 9EW.

When a promise costs you more than a lost friendship

THE PERSONAL guarantee is potentially the most dangerous document you can sign in a bank manager's office. Sad cases are reported from time to time of people facing ruin and having to ell their homes in order to pay off omeone else's debt.

Though hanks have become more wary of this type of security in recent years, the guarantee remains in common use and in the absence of more tangible security it can mean the difference between obtaining a loan or not.

An unsupported guarantee is not regarded as security to the same class as a mortgage over property or a charge over stocks and shares. For this reason it carries little weight in negotiatlons with the bank over the interest rate to be charged on the loan, although much depends on the status of the guarantor. A guarantee from a first-class hank or a hlue chip company is a different matter because the degree of risk to the lending hank is minimal.

Because the guaraotor does not necessarily have to disturh his financial arrangements in any way—be merely has to sign the appropriate form—there is a temptation to enter this kind of commitment too lightly. It cannot he ever emphasised that your signature is no mere formality but a personal bond and the document is so worded that your liability to the hank cannot be avoided.

In one case, a newly retired army officer signed a guarantee in favour of the building firm who employed his son. Within six months the firm went bust and the officer lost a large proportion of his life savings.

The lesson is to obtain as much financial information as possible about the person or the firm you intend to support. If you need help from the bank in this respect you should ask the horrower to instruct his bank to give you this information, hecause the hank is bound hy its duty of secrecy to its customer. The bank manager must answer truthfully any relevant questions which the guarantor asks, but he does not have to volunteer information.

It is often a good idea to arrange a tri-partide meeting at the bank so that each party's involvement in the proposition can be discussed. In certain circumstances, and particularly if you have no business experience, the manager may recommend or even insist that you consult a solicitor or some other professional to obtain an independent opinion.

D. H. K. Mainwaring of Kyuastons', 35 Piccadilly, London WIV 9PB, telephone 01-480 6228 believes that expert advice has been sadly lacking in this vital area and he has set up a department within his firm to deal with these problems.

He finds the majority of his clients come to him with one of the following difficulties:

(1) those who have been asked to enter into a personal guarantee hut wish to conclude the transaction without the guarantee or to limit the onerons nature of the guarantee as far as possihle;

(2) those who have enlered into a personal guarantee and find that the contingent liahillty is increasing because the husiness is successful and is expanding and that the sum guaranteed has also increased;

(3) those hwo have given a personal guarantee and are facing teh real possihility of being asked to pay the guarantee. His firm offers constructive advice with the object of minimising the actual or contingent liahility.

In his view all guarantees should be limited to an agreed figure. This normally applies to bank guarantees in support of loans, but unlimited guarantees exist and obviously present increasing dangers.

Although you may not be asked to deposit cash or other assets lwth the bank in support of your guarantee it la nevertheless wise to consdier how yon would raise the caah if you had to pay up. Would it mean selling your home?

As a guarantor you are entitled to know the amount of your liability at any time, but no further information about the account. When a guarantee has ben in froce a number of years the bank usually writes a letter to the guarantor reminding him that it is still being relied upon.

Bank guarantees are invariably expressed to be "continuing" which means that you are liahle for the fluctuating debt to the bank of the customer. As an example of the comprehensive nature of the liability here is a quote from the standard form isued hy one of the high street banks: you guarantee payment on demand of "all money and liabilities whether certain or contingent which are now or at any time hereafter may be due owing or locurred from or by the customer to the bank anywhere on any current or other account or in any manner whatsoever whether alone or jointly with any other person or firm or corporation and in whatever style name or form and whether as principal or surety". It may he possible to arange for a guarantee to expire on a fixed date, but banks are not keen on this type.

You can determine a guarantee at any time, provided of course, that you clear the outstanding debt. If you become aware that the borrower has repaid the debt you should write to the bank and ask for a confirmation that you are no longer liable.

The hank may determine a guarantee on demand, but only after it has made demand on the horrower and he has failed to pay. You will he called npon to pay the amount owing to the hank including interest, plus bank charges, legal and other expenses, limited only to the amount of the guarantee. In addition, you will be liable to interest, usually at 2 per cent above hase rate, from the date you receive the demand until the bank receives your payment.

Harold Baldwin

Takeover tactics—Martin Dickson introduces a three-part series

Punter fends off the propaganda

HENRY PUNTER, an amateur stock market dabbler, is so excited he almost chokes on his breakfast cereal.

There, in the newspaper, is word that Engulf and Devour, one of the UK's most glamorous industrial holding companies, has launched a take-over bid for Shiny British Rivets, a lacklustre West Midlands engineering company.

Henry has a small stake in Shiny, which recently changed its name to the "SBR Group" in an unsuccessful attempt to create a more dynamic image.

He bought the share about 10 years ago when a chum tipped him off that SBR was on the verge of a technological breakthrough that would give it a dominant share of the industrial fasteners market. Alas, the breakthrough never materialised and SBR has spent the last decade going approximately nowhere.

Time and time again, Henry has been on the point of selling, but he has never actually done so. For one thing, SBR has always managed to crank out a reasonable dividend yield. For another, a newspaper columnist once tipped the share as a "special situation stock," meaning that it might prove a take-over target.

Five years later a bid *has* materialised. Henry's reaction is one of excitement, followed by alarm: this is the first time one of his stocks has been involved in a bid and he is not sure what to do. So how should he—or any investor new to bid battles—proceed to reap the maximum gains?

The first and most important rule is not to be rushed into any precipitate pledging of your shares to the predator company, however good their case or shrill their exhortations.

The City's elaborate take-over rules, drawn up and policed by the Take-Over Panel, are designed to ensure that companies do not change hands too rapidly and that small investors are not stampeded into acceptance of a bid. The central principle, that all shareholders in the target company must be treated equally, means that you cannot be offered worse terms than anyone else.

So you have nothing to gain by early acceptance, and you may lose an important degree of flexibility should you decide at some point in the battle that it is best to sell your shares in the market.

In the early days of a take-over, the shareholder will normally confine himself to establishing four central facts: the terms of the bid, the impact on the target's share price, whether or not the bid is likely

to be referred to the Monopolies and Mergers Commission, and the attitude of the target's management.

Bid terms can take numerous forms, such as a straight money "cash" bid for the target's shares; an "all paper" offer of the predator company's shares in exchange for the target's; a mixture of shares and cash; an all-paper offer with an alternative underwritten cash offer; or a bid incorporating convertible shares, loan stock or other securities.

Whatever the combination, the value of the offer will almost invariably be pitched above the target company's share price immediately before the bid is announced.

Engulf and Devour, for example, is offering a fairly standard shares or cash combination: The precise terms are five of its shares for every 10 in SBR. Engulf's shares are worth 200p, at present, so that its bid is worth 100p for each SBR share. There is a cash alternative of 85p.

Henry notes that the morning before the bid was announced SBR's shares stood at 83p, having crept up from 78p over the previous week on rumours of a possible bid. On the announcement of a bid, however, the shares have leapt to 120p—well above the value of Engulf's offer.

Henry rubs his hands greedily as he absorbs the message: the market expects Engulf to increase its offer to win SBR, or suspects that a rival bidder may be waiting in the wings.

The market players also seem to have shaken off the risk of a referral to the Monopolies Commission—a move which would mean the bid being frozen for up to six months, and possibly not renewed by the predator, even in the event of clearance.

The management of a target company is likely to adopt one of three attitudes to a bid. First, it may reach agreement with the predator on the terms of a takeover before any public announcement, and then recommend shareholders to accept this so-called "agreed bid."

In most cases, agreed bids go through without incident. But they can be topped by hostile ones and even by another, higher agreed bid. This is what happened earlier this month when an agreed bid by Saxon Oil for Petrolex was overtaken by a better agreed bid from Aran Energy.

At this point the cautious investor, happy to make a quick profit but concerned lest some surprise development sends the share price plummeting, may wish to sell in the market. However, braver souls wil stay put in the hope that the price will rise higher.

But generally it is worth holding on to your shares until just before the offer formally closes. You then fill in an acceptance form and return this to the bidder with your share certificates. Alternatively, if the offer is in paper and you want cash, you can sell the shares in the market, where they should be standing a penny or two below the offer price.

Some target managements sit uneasily on the fence, accepting the rationale of a bid but holding out for a higher offer. They mutter phrases like "latent potential for synergy but an inadequate reflection of the value of the business." Such situations are particularly difficult to read, since they may trigger a higher bid or simply reflect bluffing by a management trying to disguise the weakness of its position.

More usual is straight rejection of a bid, in the most ringing of phrases. Common formulations are that the offer is "unsolicited and unwelcome" or "derisory, utterly inadequate and opportunistic."

This is the very language that SBR's chairman uses on the afternoon his company comes under attack. But, as Henry is to discover, the bemusing propaganda barrage has only just begun.

Next week: Henry gets some intriguing mail.

Martin Dickson

Finance and the female

Women seek European rulings on pensions and redundancy

IN NOVEMBER 1975 a High Court judge held that a solicitor acting for a husband and wife on the sale of their house should not take instructions from the woman because "a sensible wife did not generally make major decisions."

Sex discrimination law has developed since then in the field of personal finance. The Sex Discrimination Act and the Equal Pay Act entitle women (and men) to equal treatment, irrespective of their sex, in employment, education, and the provision of goods, facilities, services and premises. Such matters can no longer operate on the principle stated by God to Moses: that a man aged 20 to 60 is worth 50 silver shekels while a woman of that age is worth only 30 shekels.

The legislation excludes from its scope two important subjects: insurance (where the difference in premia is based on reasonable actuarial data); and provision in relation to death or retirement, including occupational pensions. In July a London County Court will be asked to decide (in the first such contested case) whether a 50 per cent higher premium for women who buy permanent health insurance is based on reasonable actuarial data. Next Wednesday (5 June), the European Court of Justice in Luxembourg will consider whether the exclusion of retirement provision from UK sex discrimination legislation is compatible with the requirement of European Community law that male and female employees should receive equal pay and equal treatment without discrimination on grounds of sex.

The European Court will hear argument in two cases. First there is the complaint of Miss Marshall that her employers, a health authority, applied to her a policy requiring women employees to retire at the age of 60 but allowing men to continue to work until 65. Her employers say that they are entitled to adopt the different State retirement ages for men and women.

Second, there is Miss Roberts' complaint that when her employers made men and women redundant they allowed them all to take an early pension at the age of 55 — that is, ten years before the normal retirement age for men, five years before the normal retirement age for women. Miss Roberts was then aged 53. She says that women employees should also have been allowed to take a pension ten years before their normal retirement age. The company says she cannot complain of sex discrimination because men and women of the same age were treated in the same way.

In 1974 Lord Denning described European Community law as "an incoming tide . . . It cannot be held back." The UK government has got its feet wet on two previous occasions in sex discrimination legislation. The European Court held, in 1982, that UK law was deficient in not entitling women to a remedy if they could show that they did "work of equal value" to a man receiving higher pay in the same employment. As a result the Equal Pay Act was amended with effect from January 1 1984. Two cases have been successfully brought since; one on behalf of a woman whose work as a cook was found of equal value to a painter, a joiner and a thermal insulation engineer, all men. The other was brought on behalf of 14 women fish packers who were found to do work of equal value to male labourers.

The other European Court decision of great importance was in 1983. It held that UK equality law is deficient in a number of respects, in particular by excluding from its scope employment in a private household and in small undertakings with no more than five employees. The government has yet to announce proposals for amending domestic law to comply with that decision.

Government headaches caused by the Luxembourg court are unlikely to ease. In March, the Employment Appeal Tribunal referred to the European Court question of whether the Civil Service unlawfully discriminates against its male employees in the provision of pensions. A small proportion of a man's pay is deducted for the purposes of a widow's pension (whether or not the man is married). A woman civil servant, by contrast, is under no obligation to contribute to a widower's pension. The case will be decided in 1986.

The European Court will therefore have ample opportunity in the next year or so to develop principles of equality in the field of occupational pensions and retirement policy. The European Commission has already submitted to the Council a proposal for a Directive on the equal treatment of men and women in occupational social security schemes. In light of that, the European Court may decide to proceed until such European legislation is agreed. Alternatively the court, like the U.S. Supreme Court applying Title VII of the Civil Rights Act 1964, may conclude that there is no reason to exclude pensions and retirement ages from the general principle of equal treatment for men and women.

During the Report Stage of the Equal Pay Bill 1970, Barbara Castle (then Secretary of State for Employment) explained that there were too many "complexities" to include pensions in the legislation. Robert Carr, for the Conservative Opposition, was justifiably "nervous that if we let this Bill get on the statute book it may be a long time before we make a beginning on the subject again." Forthcoming decisions of the European Court may compel both UK empolyers and the UK government to start thinking about equal treatment for men and women in the provision of pensions and in related areas of personal finance.

David Pannick

CHESS

THE CONTINUING debate on why so few women play competition chess, and when they do, why their results are so poor against men, took a new twist recently when the world's top three women all achieved striking successes in open competition.

Pia Cramling, 21, of Sweden, and Zsuzsa Polgar, 15, of Hungary, competed a few weeks ago at the New York Open, where the first prize of $18,000 attracted a field of grandmasters.

Cramling, who made her name by drawing with Korchnoi at Lloyds Bank 1982, beat six-time U.S. champion Walter Browne and totalled 5/9; Polgar, a former child prodigy, did even better with 5½/9 and a win over Asia's No. 1 grandmaster Torre.

On current FIDE world ratings, Polgar is ahead of reigning woman champion, Maia Chiburdanidze, of the Soviet Union. But Chiburdanidze upstaged her rivals by capturing first prize at Banjaluka, Yugoslavia, where British champion Nigel Short was among eight vanquished male GMs. The 25-year-old Tbilisi medical student checkmated Short in their individual game.

Chiburdanidze has never competed in Britain, but the USSR Chess Federation has just confirmed that she will take part in Lloyds Bank 1985, the annual international open held in London in August. Lloyds Bank is the only world tournament where a women's event with its own prize list is incorporated in the main event. It is far from improbable that Maia, already with first prizes from Barcelona, Delhi and Banjaluka, will again upstage all the ment.

In this week's game she outclasses a leading British master:

White: J. Plaskett (England). Black: M. Chiburdanidze (USSR). Queen's Gambit (Banjaluka 1985).

1 N-KB3, N-KB3; 2 P-B4, P-K3; 3 P-Q4, P-Q4; 4 N-B3, B-K2; 5 B-B4, 0-0; 6 PxP.

Probably a premature exchange; theory recommends 6 P-K3, P-B4; 7 QPxP, BxP; 8 Q-B2 or 8 PxP.

6 . . . NxP; 7 NxN, PxN; 8 Q-B2, N-R3! 9 P-K3?

Underestimating Black's reply: 9 P-QR3 is safe.

9 . . . N-N5; 10 Q-B3?

A further error which puts White in serious and perhaps fatal difficulties. The attack on the QBP is illusory, so he should prefer 10 Q-N3.

10 . . . B-KB4! 11 K-Q1.

Loss of castling is a major concession, but 11 R-B1 fails to the work NxP, while – BxP, Q-K1; 12 K-Q1, R-B1 will cost a piece.

11 . . . R-B1; 12 P-QR3, N-R3!

Much better than the routine N-R3; Black quickly opens attack lines against the stranded king.

13 BxN, PxB; 14 Q-B6, P-QR4; 15 R-QB1, B-Q2; 16 Q-R6, B-R5 ch; 17 K-Q2, P-QB4!

So that if 18 QxP (R7), P-B5 when the queen has no retreat.

18 PxP, BxP; 19 R-B3, R-B3; 20 Q-Q3, Q-N3; 21 KR-QB1, QxP ch; 22 K-K1, KR-B1; 23 Q-B5.

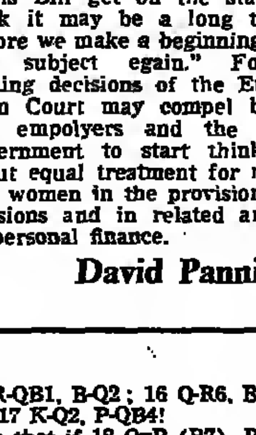
A desperate trap; White hopes for B-N5? 24 PxB, RxR; 25 QxR ch and mates.

23 . . . P-N3; 24 Q-N1, QxQ; 25 RxQ, B-N5! 26 PxB, RxR; 27 PxP, R-B8 ch; 28 RxR, RxR ch.

Forcing a won endgame; White dragged it out till the time control at move 40, then resigned.

PROBLEM NO. 570

BLACK (5 men)

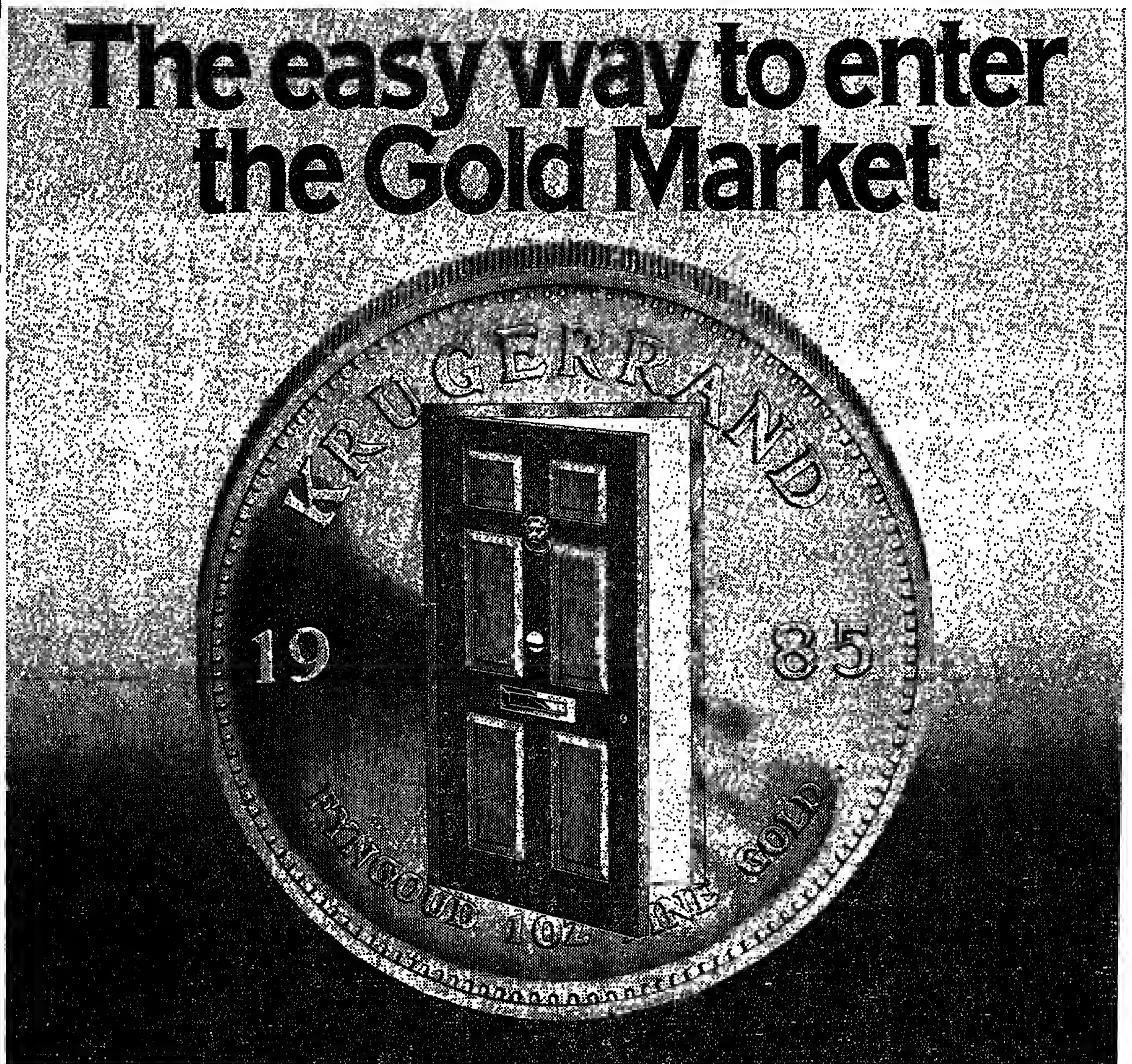


WHITE (7 men)

White to play; can he capture 1 QxP? The position is from Tartakover v. Sir George Thomas, Nottingham 1936, published with Alekhine's comments in the tournament book. All three experts misjudged the position.

Solution, Page XVI

Leonard Barden



• FINANCE & THE FAMILY •

Briefcase

Tax problems for the jet set

For the past 37 years I have worked abroad, with only occasional visits to the UK and have been classified and treated as not ordinarily resident and non-resident for tax purposes.

For instance, the interest on UK Government stock held by me is paid without deduction of income tax. I have not, however, changed my domicile and must be considered domiciled in the UK.

I own no property in the UK but do own an apartment in Teneriffe, where I intend to spend most of my time when I retire. I am also considering the purchase of an apartment in Andorra. On my retirement I do not expect to spend more than the statutory 90 days each year in England.

It has been suggested to me that I should establish a corporative foundation, with myself as majority shareholder, registered in Delaware, to which I should transfer all my assets, totalling approximately £250,000, in order to minimise my possible liabilities to income tax in England and Spain, and the liability to capital transfer on my death.

The gold assets at present with my bank in Jersey would be transferred to a bank in Andorra probably in the form of Eurobonds. I would retain overall control but it would be necessary to retain the services of an administrator at the registered office in Delaware to meet local legal requirements.

Is this a feasible scheme which would achieve the results I am aiming for in regard to UK tax?

Being domiciled in the UK but not non-resident for tax purposes, can I transfer my assets to an offshore foundation without incurring capital transfer tax?

When you say that you are "domiciled in the UK," we take it that you actually mean that you are domiciled in England and Wales, as distinct from being domiciled in Scotland or Northern Ireland. A green paper on reform of the law of domicile (including removal of the differences between Scots law and English law in the determination of domicile) was published by the Law Commissioners on the same day as the Finance Bill, April 16. The Law Commissioners say, in paragraph 1.4 of the 92-page booklet, that "if it were felt that the amendments which we propose to the law of domicile might adversely affect the tax position of certain classes of person, the appropriate action . . . would be to seek to amend the tax legislation, rather than resist otherwise desirable changes in the law of domicile." The period for comment expires on July 30, around the time of the Royal Assent to the Finance Bill.

The defeat of the Domicile Bills of 1958 and 1959 seems unlikely to be repeated next year, bearing in mind that the fierce opposition to sex equality in domicile law evaporated within only 15 years, so that the Domicile and Matrimonial Proceedings Bill was passed in 1973 with scarcely a murmur of dissent. The only consequential change in UK tax law following the 1973 Act, as far as we can see, is the rule (made in April 1980, retrospectively from April 1976) that, for income tax and capital gains tax purposes, a female U.S. citizen who, before 1974, married a man domiciled in one of the UK's three constituent countries is to be treated as though she were domiciled in the country in which she would have been domiciled if the marriage had taken place after 1973.

Like everyone whose prospective domicile may be affected by the Law Commissioners' suggestions, you should read the green paper (HMSO £2.25 ISBN 0 11 730169 6) and then, if need be, consult a firm with international experience—a firm of accountants or solicitors in, say, Jersey or Guernsey would probably suit you best.

Which is my second home?

I have lived in my main home since 1971. In September 1981 I purchased a small house as a holiday home.

Am I obliged to inform the Inland Revenue which house I intend to call my main home? I did not think this was necessary until I sell one or the other.

It is a pity that you have missed all our previous references to this crucial point, as well as our references to the free Inland Revenue pamphlet CGT4 (owner occupied houses) which is obtainable from tax inspectors' offices. Parliament has set householders a forecasting problem in relation to their prospective CGT bills. Section 105 (5) of the CGT Act 1979 says:

"*So far as it is necessary for the purposes of this section to determine which of two or more residences is an individual's main residence for any period*—

(a) the individual may conclude that question by notice in writing to the inspector given *within two years from the beginning of that period* . . . but subject to a right to vary that notice by a further notice in writing to the inspector as respects any period beginning not earlier than two years before the giving of the further notice;

(b) subject to paragraph (a) above, the question shall be concluded by *the determination* of the inspector, which may be as respects the whole or specified parts of the period of ownership in question; and notice of any determination of the inspector under paragraph (b) above shall be given to the individual, who may appeal to the General Commissioners or the Special Commissioners *against* that determination within thirty days of service of the notice."

Getting rid of ground rents

I own a block of ground rents totalling £66 pa. This is made up of £2 yearly ground rents on small dwelling houses. I am desirous of disposing of these. If I offered to the various owners to redeem the GR how many years purchase could I fairly ask?

To those who agreed, to do so, would it be sufficient to give them each a letter indemnifying them against any further payment to place with their deeds.

I had in mind to value them at 10 years' purchase, that is £20 on each house.

There is no reason why you should not ask 10 years' purchase. In practice a rather lower multiplier is usual, bearing in mind the acceleration of the payments which is entailed. A tenant however who is prepared to pay, say, £16 would probably not jib at £20.

The Revenue and pensions

Some eight years ago, just after retirement, a relative was informed by his tax office that he was no longer liable for tax. From that day he has never communicated with or had any communication from the Inland Revenue.

At that time his savings were in tax free investments. These have now matured and are invested in building societies. He has read that as from April 6, 1985, banks and building societies will have to return to the Inland Revenue details of accounts with interest of £400 or more. He has asked my advice but I am unsure of the way tax is calculated for pensioners.

For 1984-85 the situation is:

	£
State Pension	1,850
Building Society Interest of £2,100 grossed up £2,100 to give	3,000
0.7	
Total Income	4,850
Less Age allowance ...	2,490
Taxable income	2,360
Tax due at 30 per cent is	708

To me it appears that £708 of tax is owed but £900 has been paid via the building society.

The taxation of building society interest has always been complicated; the taxation of people over 64 has become progressively complicated (with one welcome simplification in 1977); the taxation of bank deposit interest is now even more complicated than the old building society tax system; the taxation of someone over 64 with money in a building society or a bank deposit account, therefore, defeats even some accountants and tax inspectors, as we know from our postbag.

In your relative's situation, the solution is that section 343 (3) (b) of the Income and Corporation Taxes Act 1970 (as amended) says that "no assessment to income tax shall be made in respect of any such (building society) dividends or interest on or to the person receiving or entitled to the dividends or interest," although this "shall not prevent an assessment in respect of income tax at a rate other than the basic rate." As you deduced, therefore, no tax is payable by your relative on his pension or on his building society interest.

In relation to banks, etc., the convoluted wording of section 343 of the Taxes Act is echoed in paragraph 4 of schedule 8 to the Finance Act 1984.

The Inland Revenue has issued broad outlines of the intricate rules, in free pamphlets which are obtainable from tax inspectors' offices:

IR4 —Income tax and pensioners
IR4A—Age Allowance
IR55 —Bank interest

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BRIDGE

BOTH MY hands today are no trump game contracts.

N
♠ 10 2
♡ K Q J 8 6
♢ Q 5 4 2
♣ K 8

W
♠ K J 9 6 5
♡ 4 3
♢ A 10 9 8
♣ 6 3

E
♠ 8 4 3
♡ A 10 7 2
♢ 6
♣ 9 7 5 4 2

S
♠ A Q 7
♡ 9 5
♢ K J 7 3
♣ A Q J 10

South opened the bidding with one no trump—the doubleton heart may offend the purist—and North replied with a Stayman two clubs. Over South's rebid of two diamonds, North said three hearts, announcing a five-card heart suit and game-going values. South said three no trumps, and that became the final contract.

West led the spade six, dummy's ten was played and held the trick. The declarer crossed to his club Queen, and led a heart to the Knave. East won at once and returned a spade to the Queen and King, and another spade cleared the suit for West. With East still having a guard in hearts, South was forced to play on diamonds, West had the Ace, and that was one down.

South played badly. After the spade ten wins trick one, the contract is cold. Declarer has an avoidance play at his disposal. At trick two he should lead a diamond. If West holds the Ace and takes the trick, he cannot continue spades with advantage, and any other return gives South time to set up two hearts. If East has the Ace and wins trick two, he sets up three tricks in the suit for the declarer, who has nine tricks without resorting to hearts.

If East has the Ace and ducks, South scores his King, but then must abandon the suit, and switch to hearts. Now nothing can prevent him from collecting two spades, two hearts, one diamond, and four clubs.

The second hand, like the first, is from rubber bridge:

N
♠ 4 3
♡ J 10 2
♢ A J 7 6 4
♣ A Q J

W
♠ 7 6 5 2
♡ 9 7 5
♢ 3
♣ K 8 6 4

E
♠ K J 10 9 8
♡ K Q 4
♢ Q 10 8 2
♣ 5

S
♠ A Q
♡ A 8 6 3
♢ K 9 6
♣ 10 9 7 2

North dealt at a love score and bid one diamond, East overcalled with one spade, South said two no trumps, and North raised to three.

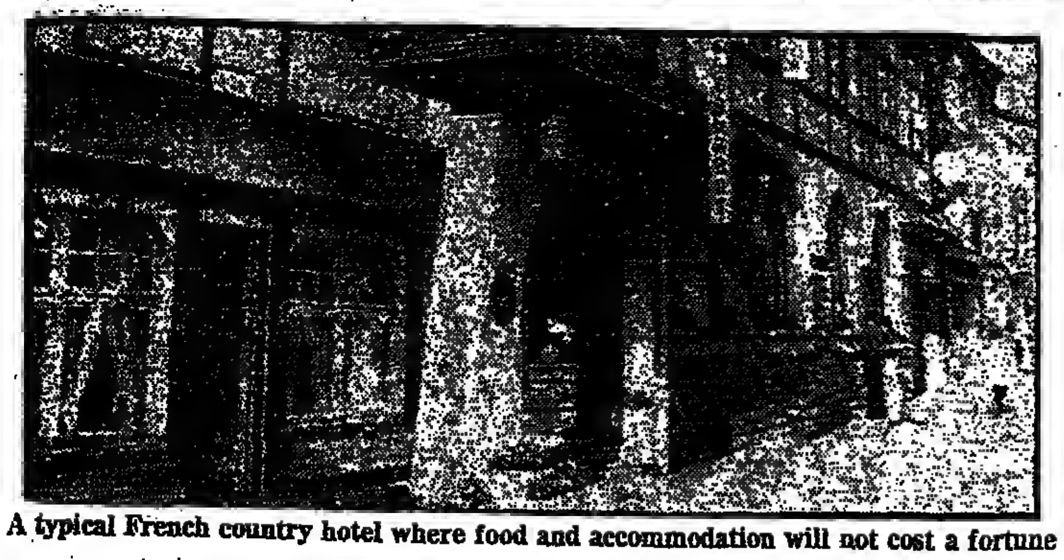
West led the spade two, to give his partner the count, and the Queen won. South cashed the diamond King and led another diamond, on which West showed out. Winning with dummy's Ace, the declarer followed with Ace and Queen of clubs. West took with his King, and returned another spade to clear his partner's suit. All the declarer could do was to cash the club Knave, cross to his Ace of hearts, and score his ten of clubs, going one down.

"Ever heard of safety play?" asked North. "You should cash the diamond Ace, and lead to King, nine, finessing the nine if East plays low. Now you must make four tricks in the suit."

What North said was true, but he was only half-right. The correct line is to finesse the club Queen at trick two. When the finesse succeeds, then the safety play is in order. However, if the finesse loses, diamonds must be played to score five tricks, that is the suit must break 3-2 with the Queen onside.

E. P. C. Cotter

• TRAVEL • MOTORING •



A typical French country hotel where food and accommodation will not cost a fortune

Inns and outs of rural France

IT IS said that the British and the French have only one thing in common—a lack of esteem for each other personally. The inhabitants of these two nations have an affection bounding on envy for everything about the other country except for the actual people themselves. "Love France, hate the French," as the British say.

I have a nasty feeling that France is going to be quite crowded this year. Good news if you happen to be a shareholder of European Ferries or Sea Containers, but not quite so entertaining if you plan to be one of the millions of non-French who make the annual pilgrimage.

France has long been the home of the country inn although, thank heavens, it is being seriously challenged by the UK.

It was after writing about the development in Britain of a whole new breed of country hotels, many of which had been developed from the nation's stately homes, that I received a letter from a couple in France reminding me that the UK was not alone in this trend.

Hedwige and Francois de Valbray run the Chateau Drs Briottieres, a smart looking chateau in the Loire Valley 25 km from Angers. The house was built in the 18th century with a "parc a l'Anglaise." It was from this elegant setting that they wrote reminding me of the Chateau Accueil, a group of more than three dozen privately owned chateaux which offer accommodation to visitors.

Let me say quickly that this is not the FFr 100 a night material mentioned earlier. Although some of the properties do offer rooms for under FFr 200, including breakfast, many are at least double that price. The Valbray's own charges are from FFr 290 to FFr 330 francs for a large room, with meals at FFr 150.

The chateaux are not large hotels. Many of them have only a few rooms. I hope later in the year to take a closer look at some but, meanwhile I would welcome comments from people who have had personal experience. You can get a list of the chateaux from the President of the group, Mme la Vicomtesse de Bonneval, Chateau de Thaumiers, Thaumiers, 18210 Charenton-du-Cher, France.

Less stately but similarly dedicated to quiet isolation are the properties of the Relais de Silence Chain, recognisably hotels but most of them fairly small and in the FFr 250-400 a night bracket although many are cheaper. The French properties (there are a few in other countries including the UK) are faily well distributed throughont the country but there are particular pockets of concentration in the French Alps and just north of Marseilles.

The French National Tourist Office at 178 Piccadilly, London, W1, will send you details of the Relais de Silence, but if you have problems you can contact the group direct at the Hotel les Oiseaux, F38640 Claix, France.

The French Tourist Office is also the source of what have long been two of my basic guides to good resting and dining in France. They really are the sublime and the ridiculous, and I am not going to tempt letter writers by suggesting which is which. The Logis et Auberges Guide is by far the best touring hotel guide to France, listing as it does hundreds of properties not far above that FFr 100 benchmark range.

By and large the Logis properties are short-stay lodging inns, family-run and usually set in small villages and towns. Beware of the closing times of these properties.

At the other end of the accommodation scale at the properties which operate under the Relais et Chateaux banner. British deluxe country properties like Gravetye Manor and Chewton Glen are part of the Relais system of privately owned hotels which will give you some idea of the style to which the French hotels, which form the majority of the chain, aspire. Again the French National Tourist Office will send details.

As far as the price of the Relais is concerned I regret to say that for many of them it is a case of if you have to ask you cannot afford it. The problem is not necessarily the cost of the room, but the price of living up to the demands of the resident chefs in such establishments.

The Relais, many of too set in converted country houses, represent the very best of French country living. By and large they are not overnight pull-in for the passing trade. Unless you can stay for at least a couple of days to savour the experience it would scarcely seem worth the expense.

If you do not want to pick your own way through the country pleasures of France you seek the assistance of specialist agencies. Two which might prove particularly useful are Vacances Franco Britanniques, the Cheltenham-based company whose reputation is based on a good cottage rental business but which in recent years has also turned its attention to French country hotels, and French Selection, which is rapidly carving itself a niche in a very demanding market place.

Arthur Sandles

A golfing holiday? Try China

IMAGINE A gold course set in rolling foothills below a tree-covered montain ridge. Imagine that Arnold Palmer designed it, and that turf for the fairways was flown in from Bermuda. Imagine that there are rarely more than 60 people a day vying for space even though it is open to the public, and that green fees for a weekend are the equivalent of £15.80.

Many golfers would probably say it was too good to be true. It is, in fact, China's only golf course, opened just six months ago at Zhangsham (pronounced Jungshan), in Guargdong province less than two hours by jetfoil from the centre of Hong Kong.

The Zhangshan Hot Springs Golf Club, built at a cost of HK$18m by a consortium of Hong Kong businessmen headed by the millionaire Henry Fok, is the centrepiece of a resort complex that offers a standard of luxury better associated with Florida than the People's Republic of China.

It is seen by local tourism officials as the cutting edge of a major effort to boost tourist travel in the western Pearl River delta area which is so easily accessible from Hong Kong, the Portugese administered territory of Macao, or from Canton, the capital of Gnangdong Province.

A sport like golf ought to be a contradiction in terms in China. Certainly anyone rash enough to admit an interest in the sport during the greater part of the past 30 years would have been branded a "capitalist roader" and invited to channel his excess energies into a little labour reform.

In Deng Xiaoping's China, bent on "opening up to the outside world," it was only a matter of time before such "decadent" leisure pursuits became permissible — particularly when they have such potent foreign exchange earning potential. Gold courses are being planned in Shenzhen, on Hong Kong's mainland border, in Guilin in Guangxi Province, and in Shanghai and Peking—all aimed at tourists or expatriate residents.

It is no accident that all prices at the Zhongshan club are in Honk Kong dollars, nor that the club's main booking office is in the centre of Hong Koog. For Hong Koog's golfers, to whom claustrophobia has become a fact of life, with crowded courses, long waiting lists for either of the two local golf clubs, and hefty membership aod green fees, the attractions of golfiog weekeods at Zhoogshan are cooisderable.

Aylwin Tai, the club's general manager, every ounce an urbane, Americanised Hong Kong Chioese, is at pains to highlight the luxurious high-speed jet foils that ferry visitors from Hong Koog to Zhoogshan io less than 2 hours. Passengers have all visa formalities handled for them by the golf club, aod are picked up from the ferry termioal by a club car.

Guests can stay at the Zhongshan Hot Springs Hotel, or can take villas, which accommodate five couples, actually on the golf course. For the non-golfer, the resort complex offers a swimming pool, tennis courts, a shooting range and horse riding.

Zhongshan also offers a good starting point for touring the Delta Region up to Canton. The river-latticed countryside, a hub-bub of farmlog activity based on rice, sugar cane, orchard fruits and mulberry groves for the local silk industry, is dense with traditionally-built villages that are more pitcuresque to look at than they are comfortable to live in.

But a tourist deciding to strike out from Zhoogshan should be warned that travel alooe in China is for the robust, in spite of major efforts made by local authorities to improve amenities for tourists. Most of the foreign tourists to the area are ethnic Chinese from Hong Kong and Macoa—they account for 1m out of the 1.23m visitors last year—and many of the amenities have been developed with them, rather than western tourists, in mind.

Hotel accommodation has improved significantly however. Hotels providing a total of 30,000 beds have been opened since 1980, with five or six reaching standards that a comfort-loving Western traveller would find acceptable.

David Dodwell

Blame the driver, not the brakes

THE MAKERS of "one box" cars like the Toyota Space Cruiser or the Renault/Matra Espace claim from research that their shape does not make them unstable at speed or when the brakes are applied hard.

A reader, Mr Peter Burke, an aircraft structural designer from Greenford, Middlesex, thought a combination of speeded-up airflow over the roof and a build-up of pressure underneath the floor might create lift. That would lessen the weight on the rear tyres and add to their tendency to lose grip under heavy braking.

In any vehicle weight is transferred from the back to the front during an emergency stop. It is particularly important in a "one box" car or panel van, because when they are unladen only a small part of their weight is on the back wheels. When they are fully loaded, there is no problem.

To prevent the lightly loaded rear wheels from locking during an emergency stop, a valve in the brake system proportions the braking effort according to the load on the front and rear axles. In theory, it means that all four wheels would ultimately lock-up together. In practice, it does not always work like that.

When testing the Toyota Space Cruiser early this year, the Consumers Association claimed it showed dangerous instability under heavy braking from 60 mph. Toyota said it had received no complaints from the 2,200 people who had bought them in Britain. However, after consultation with the Department of Transport, Toyota recalled them for a minor modification to the braking system to reduce the chance of rear-wheel locking during an emergency stop.

It was at this point that Mr Burke came up with his aerodynamic instability theory, which was so well reasoned that I put it to the makers of "one box" vehicles.

Ford said its wind tunnel tests had shown that "one box" designs created a small downforce on the back axle, while traditional European two-box vans like its Transit were subject to an insignificantly small aerodynamic lift. But Ford's experience was that aerodynamic effects of vehicle design and shape played no part in any braking deficiencies that might occur.

Bedford Vehicles, whose new Midi van is practically identical in outline to the Space Cruiser, said much the same: "We believe the relationship of aerodynamic lift with braking performance would not be important," and it noted that nice things had been written about the Midi's braking capabilities.

The Renault Espace's profile, with its steeply sloped nose, looks like a section of an aeroplane's wing, and might be expected to conform with Mr Burke's theory.

Matra Automobile, which designed the Espace and makes it for Renault, disagrees. At 90 mph, with the body level, airflow does create 40 lb of lift at the back. That is 3 per cent of the total weight carried by the back wheels. Hard braking reduces the lift to 26 lb, presumably because the nose dips and the airflow changes. The aerodynamic effects are trivial compared with dynamic weight transfer, which at 0.5g deceleration shifts 330 lb from rear to front. Matra says that is comparable to what happens in a saloon car, adding that 8,000 Espaces have been sold in Europe without any complaints about braking.

I have driven the Space Cruiser and Espace and look forward to doing so again.

I would certainly have one if it met my requirements, though I would try to be extra careful to avoid the need for emergency braking when I was running light. The responsibility for safe, accident-free driving rests with the driver more than the vehicle. A panic stop nearly always results from inattention and failure to read the road far enough ahead.

Stuart Marshall

Bentley produces a dream machine

THE BENTLEY Mulsanne Turbo is a rich man's town carriage with an autobahn maximum of 135 mph and almost indecently vivid acceleration. But its handling on winding roads is more likely to bring an apology from Rolls-Royce than a boast.

Put smartly into a bend, it wallowed embarrassingly and the velvety Avon tyres howled in protest at having to divert 2¼ tons of motor car from the straight and narrow. It was safe but sloppy.

The Btneley urbo R is safer still and sprightly. The secret? Stiffer suspension, alloy wheels and enormous, ultra-low profile tyres. They are Pirelli P7s, similar to those used on Aston Martins, with a new set of four leaving little change from £1,000.

Small movements of the leather-trimmed steering wheel produce instant response. The ride is firmer now. A Mercedes-Benz 500 owner would say it was about right; a Cadillac driver might reckon it too hard. The Turbo R's nimbleness belies its size and weight. About the only drawback to the R (for roadholding) package is that the fat tyres "tramline"—they tend to follow longitudinal ridges in the road. It is a small price to pay for making the Turbo R the most enjoyable drivable car ever to wear a Bentley badge.

The Turbo R compliments rather than replaces the standard Mulsanne Turbo, though few potential buyers, having tried its muscularity, are likely to go for the lesser, if cheaper, model. Prices are £68,421 for the Turbo R, £65,032 for the Mulsanne Turbo. It is a huge sum, but one no longer needs a Rolls-Royce Silver Spirit for lording it around London.

It exemplifies a change of policy at Crewe, where Rolls-Royce and Bentley cars are built. After years of being nothing more than badge-engineered Rolls-Royces, Bentleys are developing a real personality again.

Plenty of courses for horses and plenty for humans too

THERE ARE heavy teak doors with brass bioges, earthenware feed pots, automatic driokers, dust suppressors, infra-red lamps and piped music — the horses at the 300-acre Straffen House, on the banks of the Liffey in Ireland, lack nothing.

The humans do quite well too. Owners Allan and Ann Ferguson have refurbished and kitted out the 17th century mansion in majestic style, with everythiug from Waterford chandeliers over the 60ft-long pool room, to a white and gilt piano in the music room.

Some classic runners trained at Straffen include Atherstone Wood (1967 Irish 2000 Guineas), Reindeer (1967 Irish St Leger), and Santa Tina (1970 Guinness Oaks).

The Fergusons are moving to the United States, and the house, contents, farm and mares are for sale at about £7m through Knight Frank & Rutley, London, Christopher Stephensoo International, Berkshire, and Hamilton and Hamilton, Dublin.

In Britain, stud farms in the major racing centre of Newmarket were changing hands at between £3,000 to £5,000 an acre three years ago. Now a well-equipped first class stud in this area can go for up to £10,000 an acre a figure which reflects a correspondlng increase in world bloodstock prices.

Around Lambourn, Gloucester or Sussex, though prices are still nearer to £3,000-£5,000 an acre. This year could see a levelling of values. Savills' Geoffrey Van Cutsem says: "There is a general feeliug in the bloodstock industry and its property-related aspects of stud farms and racing stables that after the meteoric rise of the last four years, a period of consolidation must follow."

The Littleton Stud, Winchester, home of the prolific stallion Song, was sold to J. C. Smith, owner of Chief Singer, one of last seasoo's leading three-year-olds. A condition of sale was that the price was not revealed but Strutt and Parker was quoting a price "in excess of £2m" last year. Alternatively, it was some £400,000 for the stud and 97 acres. The final deal was for the stud and 172 acres.

Sir John Musker sold his 5,411-acre *Shadwell Estate* near Thetford, Norfolk, at the end of last year to Sheikh Hamdan Bin Rashid Al Maktoum, one of the world's leading racehorse owners. Guesstimates for the Grade I mansion, about 40 cottages and a fine pheasant shoot, vary between £7.5m-£10m.

Another member of the Maktoum family, Hamdan's brother Mohammed, receotly bought the 300-acre Rutland Stud, at Saxon Street, Newmarket, from the executors of Edgar Cooper Bland.

The 226-acre Tedfold Stud, Billlngshurst, Sussex, which sold in 1972 for more thao £200,000, has changed hands several times over the years, most recently to an English buyer for about £900,000 through Bernard Thorpe and Partners.

Michael Wates, chairman of the Wates Group, sold Priors Field Estate, oear Reigate, Surrey, last year to Sennox for more than £550,000. It went back on the market in various lots last month through Strutt & Parker, and Lane Fox and Partners. The main house and stud was sold privately to a local consortium for over £500,000.

Studs for sale

● **Ladygrove Stud**, in 140 acres near Hitchin, Hertfordshire, adjoining the Bowes-Lyon Estate, was designed by Sir Edward Lutyens in 1904 and is probably the last remaining complete set of Lutyens' farm buildings in the country. Ian Southcote, Microwave Systems, is offering the atud, with its almost 100 per cent fertility record, for about £1m through Jackson Stops and Staff, Curzon Street, W.1.

● **Fawley Stud**, in 200 acres, near Lambourn, where horses such as Trackspeare, Snpreme Sovereign, Buckskin, Lombard and Tender King have stood, is for sale through Savills and Christopher Stephenson. Offers around £800,000.

● **Willingham House**, Brinkley, Newmarket, which was being sold by the executives of jockey Brian Taylor (who died after a fall in Hong Kong in December) was withdrawn at auction. Now the small stud is on offer through Jacskon Stops and Staff al £350,000.

● **Burnt Oak Manor Farm**, a small training yard at Newdigate, Sussex, is being sold by former show jumper Patrick Townsley for about £275,000 through Bernard Thorpe.

● **Barnfield Stud** in 15 acres at Bolney, West Sussex, is all set up for breediog. Clifford Dano and Partners, Hurstpiepoint, and John D. Wood, London, are lookiog for offers over £350,000.

June Field

Holiday lettings

THE TAX position of holiday lettings was giveo incorrectly on the property page on May 18.

To qualify as commercial letting property must be:

● Let furnished with a view to realising a profit.

● Be available for letting to the pohlic for at least 140 days in total, though this period need not be in the holiday season.

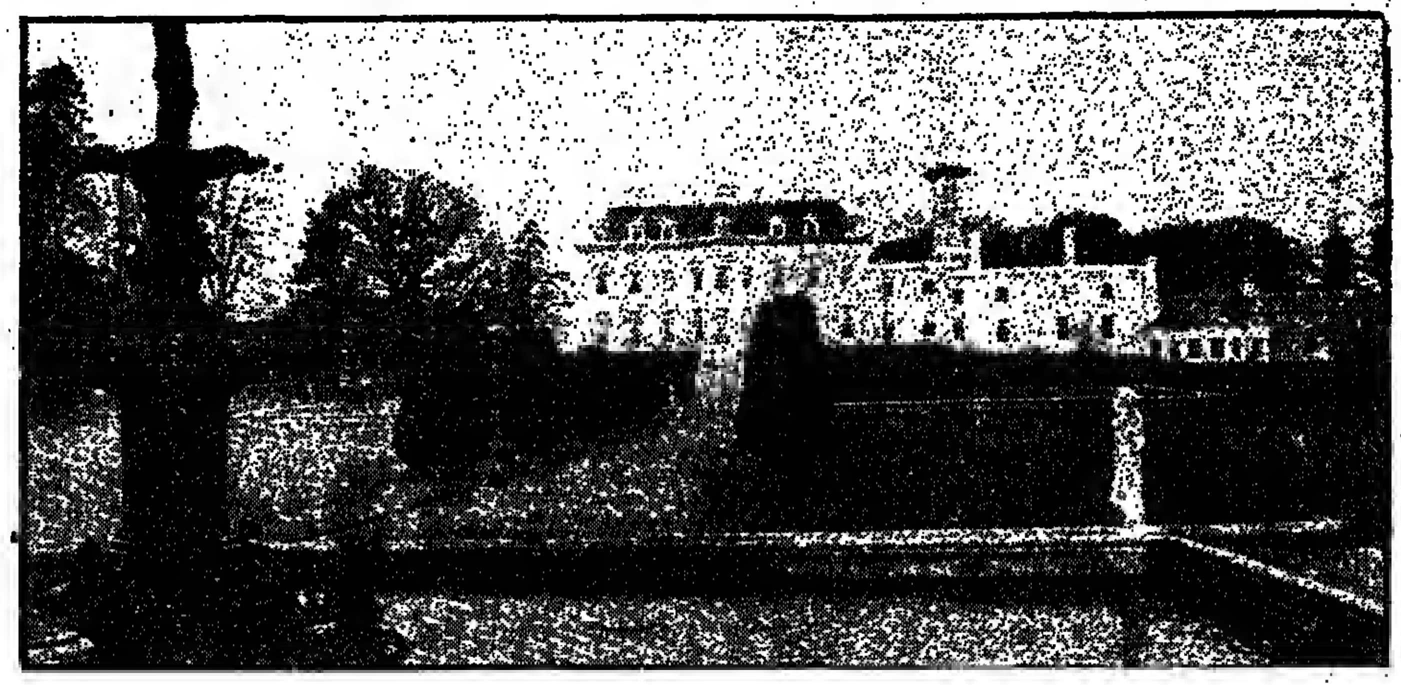
● Be let for at least 70 days.

● For at least 7 months of the year—including the period in which it is actually let — not normally he occupied by the same people for more than 31 days at a time.

June Field

Priors Field house and stud, near Reigate, Surrey, sold in excess of £½m through Strutt and Parker

Ladygrove Stud in 140 acres in Hitchin, Hertfordshire, where the farm buildings were designed by Sir Edward Lutyens in 1904. For sale in the £1m range through Jackson-Stops & Staff (01-499 6291)



Straffan House, its contents and stud farm, in 300 acres in County Kildare, Ireland, for sale at £7m

The estate is being sold through Knight Frank & Rutley, Christopher Stephenson International and Hamilton Hamilton.

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PROPERTY

Consumers and consumptives, all chasing the rustic dream

THE ROMANTIC vision of country living comes in many forms—the thatched cottage in Dorset, the sturdy stone farmhouse on the Yorkshire moors, the seasoned fisher cottage in Cornwall, the whitewashed Highland croft.

Owning any of these as a second home is beyond the means of most city-dwellers—but an idyllic week or two is available.

Dozens of agencies handling from 10 to 1,000 properties are competing in the market, and many cottage owners advertise their own properties in the classified columns of newspapers.

The range of property available is remarkable. There are converted mills, barns, stables, farm cottages, dairies, coach houses and mews cottages. There are houses in towns and villages, and houses miles from anywhere; houses on the moors and houses by rivers and streams; houses in London and houses by the sea.

Most brochures have a smattering of the unusual, and some specialise in historic buildings. For example, the Landmark Trust will rent you a Martello Tower, a railway station, a cotton mill, or even a pineapple—an 18th century "folly" near Stirling.

Many agencies sell hard, though they insist that, because they rely heavily on repeat business, they cannot afford to have disappointed customers, and reject many properties which fail to come up to an acceptable standard.

Some agencies make a virtue of being frank about the properties they consider worth renting but failing in some respects. Helpful Holidays of Devon is quite sharp about some of its properties, pointing out where paintwork and carpets need to be renewed and warning about busy roads nearby.

One former client withdrew his property when the brochure described his house as "brilliantly smart but exceedingly expensive."

Euan Bowster, who runs the agency with his wife, Su, says: "Most owners live with our comments and there is a low rate of disappointment from people going to them." Honesty about flaws also helps the credibility of the chatty descriptions of their other properties.

Those going for last-minute bookings, especially in high season, will often have to put up with property which is not all they might wish. My first experience of the market was booking a cottage in Haworth, Yorkshire, at a week's notice in August.

The house was damp and cheerless, but cost only £125 a week including electricity, for a place sleeping six. For the two members of the party recovering from tuberculosis, there was the added amenity of proximity to the Haworth Churchyard, where they could spend many a happy hour among the gravestones of consumptives past.

Having electricity included in the price of a let can often be an advantage, especially in the off season, when it can be worth checking on whether you are going in to a house which has been empty and cold for a while. Many properties have 50p electric meters, and arriving without a good supply in such a property can be a miserable business.

"People prefer all-in prices," says Martin Foulds of Country Holidays, one of the biggest agencies. "Some of our owners prefer metered electricity, but they don't book so well."

But most operators prefer meters, for reasons eloquently set out in the lively and attractive brochure of the Cornish Traditional Cottage Co of Lostwithiel. "We would like to charge a set figure for electricity but usage per family varies so widely that this is not fair or practicable. When the electricity boards start to supply premises at a flat rate, no doubt our owners will."

Other extras to watch for in the brochures are cancellation insurance and single-week supplements. Some agencies make cancellation insurance compulsory—a sensible precaution when booking months ahead, but surely unnecessary for the last-minute booking—and others will put a special charge on for bookings of only one week.

It is also worth watching for car parking provision. Double yellow lines have taken over from duckponds as the dominant feature of many villages, and it is wise to be certain that you can park your car close to your cottage.

The best defence against unforeseen problems is a careful interrogation of the person taking the booking for the agency, who should be able to answer any question about the property.

For the house itself and its setting, all brochures tell you the number of rooms and the numbers allowed by the owner to sleep there — though beware cottages with "family rooms" if adults do not want to share rooms with small children — and show you a photograph or sketch. Many will tell you the distance to the nearest shop, pub, railway station and bus stop and give a description of the village or area.

A brochure can never tell everything about a holiday home, and it is possible to strike lucky, as we did on a booking in Dorset through Country Cottages of Bournemouth earlier this year. It did sound good in the brochure, but it is hard for a brochure with a limited number of words available to convey that the rooms are large and airy, that the living room is comfortably furnished and has an extension which is an ideal place for a quiet read that the views down the coombe to the sea are truly magnificent, not to mention the nearby clifftop walks, and that the ale in the local pub is worth working up a thirst for

The call of such country delights is increasingly being heard by foreign tourists, and many agencies work actively to attract bookings from abroad.

One agency, Heart of England Cottages, based in Cirencester, Gloucestershire, reckons that about 40 per cent of this year's business will come from abroad, recruited through agents in the U.S., Australia, Netherlands and Denmark.

Heart of England's Peter Andsell—who has a formidable reputation in at least one Cotswold community for laying down to a local property owner exactly what he had to do so bring his cottage up to a standard for letting—says it is not just the lure of Stratford-upon-Avon which is pulling the Americans in.

"They are getting the message at last that it's fun to spend a few days in London then take a cottage in the country to see how the British live, and get to know people in the country," he says.

Most agencies report a continuing expansion of the market, with demand rising as quickly as they can take new properties on to their hooks. Companies are beginning to use them to house executives more pleasant for the executive moving to a new area—it is to have a proper home for a couple of months of house-hunting and adjusting to his or her new job, and the £65 a week bill to the company is more pleasant than a £50 a night bill from an hotel.

Tom Lynch

The Landmark Trust's pineapple "folly" near Stirling, built in 1761 for the Earl of Dunmore.

Printing

The man who saved the world

Gutenberg . . . his revolution has not yet run its course

AT A TIME when there has been some tendency to be beastly to the Germans, it is worth recalling that it was they who saved Europe from the beastly Middle Ages. The invention of the art of printing at Mainz in the 1450s marks the beginning of the modern world. When Edward Gibbon, after a lifetime's study of the fate of the Roman Empire, wondered aloud in his history if European civilisation would in its turn decline and fall, he came to an optimistic conclusion. No, he decided. The introduction of printing had ensured that knowledge and wisdom, once acquired, could never again be lost irretrievably.

Like other great advances, the invention of printing cannot be attributed solely to one man. But it was undoubtedly Johann Gutenberg who first put all the ingredients together. As a trained goldsmith, he was not daunted by the prospect of cutting small letters in metal. The press itself was adapted from the wine press. A new ink was devised which would stick to metal. Perhaps most important, Gutenberg developed the technique of manufacturing interchangeable pieces of movable type by means of moulds so that they could be produced in the required large quantities.

There is no surviving piece of printing which bears Gutenberg's name; but the colophon to one of the books he is known to have produced gives a rare personal glimpse of the proud excitement of the early days: "This noble book has been printed without the help of reed, stylus, or pen, but by the marvellous consistency in size and proportion between patterns and moulds, in 1460 in the famous city of Mainz of the renowned German nation which God's grace has deigned to prefer and distinguish above all other nations of the earth with so lofty a genius and liberal gifts."

Gutenberg's invention marked the most important advance in information technology since the codex replaced the roll a thousand years before. From the beginning the technique was perfect, and Gutenberg's methods remained unaltered in essentials for the next 400 years until the advent of mechanisation at the beginning of the 19th century. For the first time, it was possible to produce exactly the same text quickly and in large numbers. Henceforth, it was virtually impossible to monopolise access to information or to control the circulation of unwelcome opinions.

Gutenberg himself seems to have appreciated the huge potential of his discovery, but, like other innovators, he neglected the finance and marketing aspects. Fust, the man who put up the initial capital, foreclosed on him for repayment of two loans. Gutenberg's seized presses and types were then transferred to another printer, who later married Fust's daughter. Whether he was able to re-establish himself is not certain; but since he is known to have lived on a charity pension for the last years of his life, we may reasonably fear that he did not.

The fortunes were made by his successors in the next generation. Within a few years there were commercial presses in 60 German cities, and German printers found ready work abroad. Mainz lost its position of pre-eminence as early as 1470. The Italians were the first to break into the secret and, with their flair for design, to improve the appearance of books with their new roman and italic types. In Venice alone, which quickly became the I.T. capital of the world, there were 150 working presses by the turn of the century.

Printed books produced before 1500 are known in most languages as incunables, although there is nothing specially significant about the cut-off date which falls in the middle of a sharp expansion. It is estimated that copies of more than 28,000 separate books and editions produced in these years still exist, and there must have been many more of which all copies have been lost. Plans are afoot—with the help of late 20th century I.T.—to record all the holdings in the world's public collections, to be known as the Incunable Short Title Catalogue. When it is ready, we will know more not only about the history of printing but about the spread of knowledge.

The word incunable derives from a book, published in Latin in 1639 in Cologne, which defined the years before 1500 as "prima typographiae incunabula," the time when printing was still in its baby clothes. It is a useful term although it has always struck me curiously inappropriate, especially in the singular, which is an invented back-formation from the Latin plural. Can you buy one baby clothe? Pedantry aside, the art of printing was by 1500 no longer in baby clothes or even in romper suits. By the end of the century, printing had sprinted through every country in Western Europe. It was a fully developed and thriving industry from Portugal to Poland, from Sweden to Sicily, and the New World received its first printing press as early as 1539. The Gutenberg revolution was extremely rapid, and it has not yet run its course.

William St Clair

Lucia van der Post

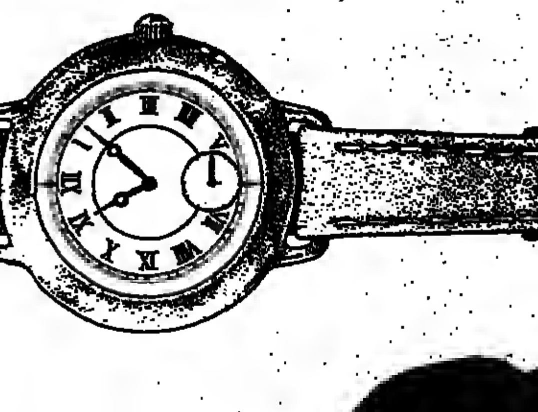
HOW TO SPEND IT

Cotton on to summer sweater nostalgia

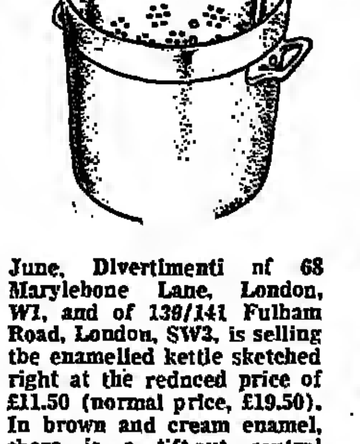
FOR THE uncertain weather that passes for the British spring and summer, it is hard to beat cotton. It seems to offer the right degree of cover and warmth without the wintry feeling of wool. Once, a cotton sweater was a rarity, but these days it has been *plained* and *purled* into a variety of attractive shapes and dyed every colour from white and cream to this summer's favourite, apricot. One of the most creative of the small companies using cotton is Artwork, and this summer's collection is redolent of nostalgic days in English gardens. There are two distinct looks: first, sportif, in a languid 1920's sort of way, featuring long-line sweaters with cricketing stripes. Lean est and skinniest of all is a slipover with the neck formed from a pale blue and yellow cricket V-neck. The long body is embellished with a self-pattern of cricket bat and stumps, all in white on white. For chillier mortals who like to be covered up, choose the long-sleeved version. To finish the look there is a 1920s-style bandeau, also in the blue and yellow cotton.

For those who prefer a softer, more romantic look, there is the English garden collection (very Vita Sackville-West): sweaters embellished with columns and trellises or full-blown roses and sweet old-fashioned flowers. All these are, of course, in the Artwork tradition and all hand-made, so none is cheap. Prices range between about £120 and £170. In London they are stocked by Joseph shops, Whistles and Harvey-Nichols, while out of London find them at Lisa Stirling of Manchester and Warehouse of Glasgow.

For more reasonable prices look to the Benetton shops which have a particularly attractive selection of summer cotton sweaters, cardigans and waistcoats. Look for their cricketing cardigans, their Argyle waistcoats and their airy shirts. Sketched here are three of this summer's looks. Left: Three-quarter-sleeved cotton jumper with roomy armholes and low round neck. In a wide range of colours from navy-blue to white, pink and aquamarine, it is £45.90. Centre: Long V-necked cardigan, perfect as partner for Twenties-style skirts, it comes in white, lemon, black, blue, green or pink and costs £53.90. Right: Polo shirts, in a range of colours, £18.90, worn under an Argyle waistcoat in lemon, cream and pink, £27.90.



IT IS becoming harder and harder to tell the price of a watch from the way it looks. But the Sekonda wrist-watch (right) with its quartz movement, white ceramic face, round gold-plated case and natural pigskin strap could hold its own in much more expensive company. It sells for just £39.95; and besides being found in many high street jewellery shops it can also be bought from those emporia of high-chic, Joseph pour la Maison, 16 Sloane Street, London, SW1, and Paul Smith of 43/44 Floral Street, London, WC2, and 23 Avery Row, London, W1. There are two versions—a slightly smaller one for women, larger for men—but both sell at the same price.



ASPARAGUS used to be a special summer treat, available for a few sweet, short weeks in May and June. Today, it is still a treat; but now that it is flown in from Spain, Israel and other hotter countries, it is even more worthwhile investing in a proper asparagus cooker. As everybody knows, the base of the stems need longer cooking than the more tender tops—to do this ideally, the stems should stand upright in the container, leaving the thicker bases in the water and the tops to cook in the steam.

So, if you are still without a special asparagus kettle, now could be your moment to buy one. Until the end of June, Divertimenti of 68 Marylebone Lane, London, W1, and of 139/141 Fulham Road, London, SW3, is selling the enamelled kettle sketched right at the reduced price of £11.50 (normal price, £19.50). In brown and cream enamel, there is a tilt-out central basket which holds the asparagus upright. To buy by mail, add £2 extra for postage and packing.

ALMOST everybody agrees that our young jewellery designers are among the most innovative and exciting in the world but finding them a marketplace for their wares has never been easy. High Street shops are mostly still peddling dull gold chains and solitaire engagement rings and exclusive galleries specialising in fine modern work tend to charge equally exclusive prices.

The exhibition Loot that the Goldsmith company ran for many years was a marvellous way of allowing the public to meet the jewellers and to buy directly from them—it introduced many people to brave new ideas and also meant that they could experiment and buy at prices that weren't prohibitive.

Ever since Loot disappeared from the scene there has been nothing quite to match it, but Dazzle is a good try. Dazzle is a group of contemporary jewellers which organises its own fair; this year 18 of the best of them will kick off the event by showing (and selling) their work in the main foyer of the National Theatre at London's South Bank from now until July 6 when an expanded version of the show goes to The Guildhall.

Some of the jewellers are by now quite established, others have recently graduated from their various colleges. Many have experimented with non-precious materials such as titanium, Perspex, glass, plastics and wood, while others work in more conventional materials such as silver and gold.

Price will start as low as £10 and, all in all, it provides a superb opportunity not just to see what our young designers are up to, but also to buy at what are often ludicrously low prices.

To give you some idea of the flavour of the exhibition here illustrated is the work of one of the exhibitors. Susannah Weston has devised a fan (pictured here) made from black steel inlaid with silver and gold inset with cultured pearls. At £1,200 this is one of the most expensive pieces in the exhibition.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 29, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of May 29 at 11.00 am
3 months: 7⅞ 6 months: 8⅛

ECU=$U.S.721494 SDR1=$U.S.990209
Sibor as of May 29 at 11.00 am
3 months: 7⅞ 6 months: 8⅛

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	3.0401
Algeria	Dinar	6.155
Andorra	Fr. Franc	0.476
	Sp. Peseta	175.796
Angola	Kwanza	22.912
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	665.38
Australia	Dollar	1.6106
Austria	Schilling	21.86
Azores	Port. Escudo	176.00
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3760
Balearic Is	Sp. Peseta	175.706
Bangladesh	Taka	87.00
Barbados	Dollar	2.0113
Belgium	Franc (o)	62.67
	Franc (f)	62.845
Belize	Dollar	2.00
Benin	C.F.A. Franc	473.75
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	12.50
Bolivia	Peso (7)	75,000
	Peso (f)	500,000
Botswana	Pula (f)	1.7809
Brazil	Cruzeiro (o)	6380.00
Brunei	Dollar	2.2287
Bulgaria	Lev	1.0465
Burkina Faso	C.F.A. Franc	475.75
Burma	Kyat	8.5925
Burundi	Franc	123.015
Cameroun Rp	C.F.A. Franc	475.75
Canada	Dollar	1.3825
Canary Is	Sp. Peseta	175.705
Cape Verde Is	Escudo	89.0692
Cayman Is	Dollar	0.866
Cen. Africa Rep	C.F.A. Franc	473.75
Chad	C.F.A. Franc	473.76
Chile	Peso (o) (3)	152.60
China	Renminbi Yuan	2.8494
Colombia	Peso (o)	157.60
Comoros	C.F.A. Franc	475.75
Congo Ppls Rep. of	C.F.A. Franc	475.76
Costa Rica	Colon	48.25
Cuba	Peso	0.0511
Cyprus	Pound*	1.6026
Czechoslovakia	Koruna (o)	6.25
Denmark	Krone	11.1745
Djibouti Rp. of	Franc	185.269
Dominica	E. Caribbean $	2.70
Domin. Rep	Peso	1.00
	Peso (d)	3.22
Ecuador	Sucre (o,o)	67.18
	Sucre (d)	113.70
	Sucre (f)	96.26
Egypt	Pound	0.85
	Pound (c)	1.54
El Salvador	Colon	0.50
	Colon (d)	5.00
Eq'tl Guinea	C.F.A. Franc (4)	473.76
Ethiopia	Birr (o)	2.0777
Faeroe Is	Dan. Krone	11.1745
Falkland Is	Pound*	1.2562
Fiji	Dollar	1.1877
Finland	Markka	6.458
France	Franc	0.475
Fr. C'ty in Af	C.F.A. Franc	475.75
Fr. Guiana	Franc	9.475
Fr. Pac. Is	C.F.P. Franc	170.075
Gabon	C.F.A. Franc	473.75
Gambia	Dalasi	5.0803
Germany (E)	Ostmark (o)	5.1065
Germany (W)	Mark	3.1005
Ghana	Cedi (2)	53.00
Gibraltar	Pound*	1.2562
Greece	Drachma	157.05
Greenland	Dan. Krone	11.1745
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	0.475
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, i)	0.84
Guinea Bissau	Peso	147.525
Guinea Rep	Syli	24.0394
Guyana	Dollar	4.18
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
	Lempira (d)	2.56
Hong Kong	Dollar	7.773
Hungary	Forint	50.8676
Iceland	Krona	41.75
India	Rupee	12.52
Indonesia	Rupiah	1117.00
Iran	Rial (o)	95.2186
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.007
Israel	Shekel	1038.60
Italy	Lira	1880.00
Ivory Coast	C.F.A. Franc	475.75
Jamaica	Dollar (o) (5)	5.50
Japan	Yen	251.88
Jordan	Dinar	0.6216
Kampuchea	Riel	n.a.
Kenya	Shilling	16.0650
Kiribati	Aust. Dollar	1.5105
Korea (Nth)	Won	0.94
Korea (Sth)	Won	871.60
Kuwait	Dinar	0.303
Lao P'ple D. Rep	Kip	66.00
Lebanon	Pound	15.126
Lesotho	Maloti	1.028
Liberia	Dollar	1.00
Libya	Dinar	0.0061
Liechtenst'n	Sw. Franc	2.6160
Luxembourg	Lux. Franc	62.67
Macao	Pataca	8.06
Madagascar D. R.	Franc	551.128
Madeira	Port. Escudo	176.00
Malawi	Kwacha (8)	1.7908
Malaysia	Ringgit	2.478
Maldive Is	Rufiya	7.00
Mali Rp	C.F.A. Franc	475.75
Malta	Lira*	2.0471
Martinique	Franc	9.475
Mauritania	Ouguiya	57.15
Mauritius	Rupee	15.25
Mexico	Peso (d)	258.48
	Peso (o)	221.08
Miquelon	Fr. Franc	0.475
Monaco	Fr. Franc	0.475
Mongolia	Tugrik (o)	3.6555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	10.50
Mozambique	Metica	43.581
Namibia	S. A. Rand	1.888
Nauru Is	Aust. Dollar	1.5105
Nepal	Rupee	18.50
Netherlands	Guilder	3.5085
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	2.2250
Nicaragua	Cordoba	10.00
	Cordoba (d)	600.00
Niger Rp	C.F.A. Franc	473.75
Nigeria	Naira	0.8905
Norway	Krone	8.025
Oman Sultanate of	Rial	0.3453
Pakistan	Rupee	16.0072
Panama	Balboa	1.00
Papua N.G.	Kina	1.0111
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	559.00
Peru	Sol (o)	9062.27
Philippines	Peso	18.476
Pitcairn Is	N.Z. Dollar	2.2268
Poland	Zloty (o) (5)	155.94
Portugal	Escudo	176.00
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	2.475
Romania	Leu (o)	4.54
Rwanda	Franc	105.726
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.2562
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	0.475
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	0.5121
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1020.00
Sao Tome & Principe DR	Dobra	45.6274
Saudi Arabia	Riyal	3.61
Senegal	C.F.A. Franc	475.75
Seychelles	Rupee	7.306
Sierra Leone	Leone	6.00
Singapore	Dollar	2.2027
Solomon Is	Dollar	1.3947
Somali Rep	Shilling	56.60
South Africa	Rand	1.998
Spain	Peseta	175.706
Span Ports in N. Africa	Sp. Peseta	176.795
Sri Lanka	Rupee	27.405
Sudan Rep	Pound (10)	2.50
Surinam	Guilder	1.785
Swaziland	Lilangani	1.098
Sweden	Krona	8.9725
Switzerland	Franc	2.6160
Syria	Pound (o)	5.005
Taiwan	Dollar (o)	39.78
Tanzania	Shilling	17.70
Thailand	Baht	27.515
Togo Rep	C.F.A. Franc	473.75
Tonga Is	Pa'anga	1.3105
Trinidad & Tobago	Dollar	2.402
Tunisia	Dinar	0.8620
Turkey	Lira	550.30
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.5106
Uganda	Shilling	505.36
United Arab Emir.	Dirham	3.675
Utd. Kingdom	Pound Sterling*	1.2550
Uruguay	Peso (m)	94.13
USSR	Rouble	0.8566
Vanuatu	Vatu	111.086
Vatican	Lira	1088.00
Venezuela	Bolivar (o)	7.50
	Bolivar (o) (1)	4.30
	Bolivar (o)	10.88
	Bolivar (d)	10.05
Vietnam	Dong (o) (5)	100.089
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	7.35
Yemen PDR	Dinar	0.345
Yugoslavia	Dinar	274.84
Zaire Rep	Zaire	40.6722
Zambia	Kwacha	0.5220
Zimbabwe	Dollar	1.2685

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (e) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (o) Controlled. (f) Financial rate. (g) Preferential Rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Ghana: April 19, official devaluation of 5.6%. (3) Chile: 26 Feb. Peso devalued by 9%. (4) Equatorial Guinea: Dec 31. Currency joins Franc zone. (5) Jamaica: Nov 5. Rate adjustment fixed by Central Bank bi-weekly auction. (6) Vietnam: Official devaluation effective April 22. (7) Bolivia: Feb 2. Official devaluation of approx. 81%. (8) Malawi: April 2. Official devaluation of approx. 15%. For further information please contact your local branch of the Bank of America.

High-tech home

Car phones — fun but so expensive

Jason Crisp uses his car phone

THE GREAT disadvantage of having a telephone in your car is that you only ever receive calls at the worst possible moment—such as when a bus heaves into your path in the fast lane on the motorway.

The caller does not know you might only be seconds away from death and assumes the terse answer through gritted teeth means your friendship has taken a turn for the worse. Trying to hold a telephone conversation and drive at the same time is not a major contribution to road safety.

A car telephone is no longer the scarce and very expensive item bought only by the chauffeur-driven chief executive. As anyone who has seen the recent heavy promotion will know, it is now widely available and not quite so expensive. One day, say the enthusiasts, we will all have a mobile telephone.

The great fuss is to do with the arrival of cellular radio at the beginning of the year. The new system can cope with many more users than the old one, it is cheaper, and the quality is higher. There are two competing networks: Cellnet, run by British Telecom with Securicor, and Vodafone, by Racal.

Anyone wanting a car telephone, or even a hand-held portable, can get one from a number of accredited retailers such as Aircall, the AA, Granada, Philips, and a number of small specialist companies. The two networks do not sell directly although BT and Racal have subsidiaries which do and, unsurprisingly, have the largest share of the market.

One of the great hopes for cellular is that a new type of customer will discover the value of a car telephone. Those customers are expected to include company salesmen, the self-employed, plumbers, professional people like doctors and solicitors and, of course, the rich.

How useful is a car telephone? Cellnet has lent me one for the past three months, and the qualified answer is that it is both useful and fun. The qualification is that it is far too expensive to justify buying for private use.

I was, however, very surprised by how much I used the telephone driving to and from work. It has been particularly useful when rushing somewhere unexpectedly, because I could make urgent calls from the car rather than delay my departure. Obviously, when you are late, lost or even broken down, it also is valuable. It has made the tedious task of house-hunting much more bearable as it is so much easier to keep in touch with the estate agents and make last-minute appointments.

But none of these pleasant advantages makes a serious case for buying one, and there is no doubt the market is essentially for business. Interestingly, figures from Cellnet indicate that about 15 per cent of calls are made at the weekend or outside working hours, which would indicate a reasonably high leisure use by business customers.

The typical car telephone costs between £1,250 and £2,000, depending on facilities such as abbreviated dialling. A natty hand-held portable costs between £2,500 and £3,000, depending on who you buy it from. It costs about £100 to have a car radio installed, about £50 to be connected to Cellnet or Vodafone, plus a monthly subscription charge of £25. The calls are quite expensive—25p a minute in peak hours.

The dealers have started putting together a wide variety of financial packages to attract customers, such as installing a system for an initial payment of £100. These packages of leasing, renting or hire purchase vary greatly and may or may not include the network rental, insurance and maintenance contracts.

A typical five-year lease—just for a basic telephone—will cost about £30 a month, rising to nearly £100 for a short lease on a better model. It is undoubtedly worth picking through the offers carefully—and, given that equipment prices will almost certainly fall, it might be better to avoid buying or entering a long lease.

The quality of the system is undoubtedly very good in central London—if anything, slightly better than using a land line—but at the boundaries of the system you are clearly aware of using a radio telephone. It also works surprisingly well in tunnels and even underground car parks.

There is no doubt that the telephone adversely affects your driving, particularly where a high level of concentration is needed such as on the motorway or in rush hour. It is also rather tempting, but most inadvisable, to dial when on the move, particularly if you have to look up the number.

There are other snags. The ringing tones on both systems are Continental ones and quite a few callers hang up because they think you are engaged. The charges for incoming calls also are very expensive—the equivalent of ringing the Irish Republic. But one particularly useful facility is call forwarding, which redirects the caller to another number when you leave the car. The problem is that it takes so long that most callers don't realise it is happening and also hang up.

Sometimes, I have been cut off in mid-call for no apparent reason, both on the move and when stationery. My wife says she can't help *wondering* if I have driven head-on into a lorry at such times.

Jason Crisp

هكذا من الأصل

Worn by generals and private eyes, the British trenchcoat remains among the most enduring fashions

In memory of Burberry and Bogart

EVERYBODY knows what a trenchcoat stands for — for glamour and grit, for gallantary and derring-do. It is a potent mix that has kept the trenchcoat selling in its thousands ever since Kitchener wore it to the Boer War, to the trenches and on his death-bed. Some raincoats may be warmer, others may be more efficient at keeping out the rain but in the United States alone the classic trenchcoat outsells its rivals by an estimated two to one. While other fashions come and go the trenchcoat came and stayed . . . and stayed.

Americans are prone to refer to it as a "trenchcoat" but here, ever since King Edward VII took to calling for his "Burberry" most of us have followed suit.

It is 150 years since the birth of clothier Thomas Burberry and about 120 years since his invention of the famous "gabardine" — the cloth that withstood wind and rain to a reasonable degree but still allowed the body to breathe. He had the knack of making clothes that retained a certain classicism (the functional ease of the farmers' line smock-frocks were his model) and yet responded to modern needs.

From a restrained but roomy garment designed to be worn out of doors, Thomas Burberry went on to design a cape for shooting with pivotal sleeves for greater arm movement. He developed pleats and the vent at the back to cope with the demands of horseriding and as the newly fashionable sport of motoring gained ground, his tent-like coats came to be the very latest thing.

No explorer, empire builder or big game hunter would have dreamed of setting off without his gabardine equipment. Whether you were Scott, Shackleton or Amundsen, what the Pole demanded was windproof gabardine suits.

As man took to the sky, so too did Burberry gabardine, whether for a balloonist in the 1890s or a pioneer aviator like Graham-White.

Burberry first went to war in South Africa where Lords Kitchener, Roberts and Baden-Powell tested its campaigning qualities to the full. But it was the first world war that brought the design that is still the quintessential "trench" design—warm and comfortable with inescapable overtones of valour and true grit, it sports epaulettes on the shoulder (to hold the binoculars), wrist strap (to hold the grenades) and shaped rings on the belt (for the water bottle, what else?). The storm flap at the shoulder gave protection from the rifle recoil and the deep vent in the back meant its wearer could sit on a horse in comfort. The trenches may have gone, but nearly 70 years on, the coat it gave birth to is still making headway.

Its allure continues—images linger of Bogart wooing Bergman in Casablanca, of spies and secret agents going about their dark passionate lives. Whoever heard of Philip Marlowe, or the Third Man wearing anything but a "trench."

The best Burberrys are the oldest, those with a history and a story to tell, sporting a blood-stained button or two or watermarks from long immersion when its owner bailed out in mid-ocean. But failing that, it is still being bought in its hundreds. Today it is the essential prop of the Yuppy look and in the States they think nothing of paying the $450 the real thing requires.

Over here, Burberry is attempting that classic balancing act—how to keep the tradition and the mythology without remaining stuck in the past. The scale of the problem was highlighted at its latest fashion show when of all the latest designs the one most of the press wanted to photograph was a 1900 recreation of turn-of-the-century women's tweed walking suit.

Lucia van der Post

Sherry climbs out of the trough

WHEN I VISITED Jerez five years ago the sherry trade was very much in a state of depression, if not of crisis. The view had been taken early in the Seventies that world demand for sherry was increasing, and that because it has a long minimum maturing period in the solera system, there was going to be a severe shortage.

Heavy capital was outlayed for planting new vineyards and building huge bodegas. The vineyard area practically doubled between 1970 and 1980, reaching nearly 23,000ha and production rose from 221,000hl in 1970 to a peak of 362,000hl in 1979.

Similar forecasts had been made in Rioja, in which the sherry firms had invested deeply, and in Cognac. All were ill-founded.

The sherry lake grew in the late Seventies, and a good deal of poor quality wine was exported in a cut-price war. For although domestic consumption had been growing in Spain, exports accounted for 85-90 per cent of the sherry trade. Only two firms, I was told then, were making any profit, and they were both British-owned: Harveys of Bristol, and Croft, the IDV subsidiary—both floating on a sea of cream sherry.

The sherry trade at the time was also lying in the shadow of the Rumasa empire. On leaving Jerez airport one was soon confronted with a large boarding on which were inscribed the names of the 17 companies controlled by Senor José Maria-Ruiz Rumasa, and soon he was to take over an 18th. His group owned more than a third of the industry, including Williams & Humbert and Garveys, and he was said to be after even bigger game, particularly Domecq, the largest single firm.

It would be unfair to say that Rumasa began the era of price-cutting and the consequent export of poor quality sherry, for the general depression had already led to this. However, it was intensified in the years of the Rumasa semi-domination of the market, and it did not enhance the reputation of sherry.

The exposure and government takeover of the Rumasa group in February 1982 lifted a great cloud from over Jerez. The trade united to try to restore the fortune and to increase the popularity of sherry. A four-year plan begun in 1983.

The surplus of young wines that had not entered the solera system was distilled: more than 30m litres of it before the 1983 vintage. Much could be used to produce brandy that is Jerez's second and sometimes first string. The vineyards area was to be reduced to 18,300ha, with considerable government payments made to growers who pulled up their vines. No new planting was permitted, and still is not, save for replacing old vines. With only 18,900ha now in production, the target has almost been reached.

Production has fallen, partly owing to Spain's severe three-year drought, but also to its smaller vineyard area. Last year the vintage produced the equivalent of 250,000 butts, containing 500 litres apiece. Much the same amount is expected this year. A sign of the more stable, confident situation is the fact that the entire 1985 vintage is apparently already sold, so several leading houses told me, although the grape price in the best area has been raised to the fair price of 25.50 pesetas a kilo.

To stop excessive exports, the permissible quota was also sharply reduced. At one time a bodega could ship up to 40 per cent of its stock in one year. This was cut back to 27 per cent, although it has now eased to 29 per cent.

The fixed minimum bulk export price per butt has gradually been increased, starting at £241 in September 1983. Up to April of this year the minimum was £265, but now it is £305 (+ 15 per cent). This is for export in tank as is now normal. Sherry exported in a butt costs more because the cask is included in the price, although this usually finds its way to Scotland to mature whisky.

The Rumasa sherry empire has been split into six groups, with most of the smaller firms included in Bodegas Internacionales, the only sherry public company. Others, notably Williams & Humbert and Garveys, have been more or less left on their own, with one or two additions. All are expected to be disposed of privately soon, although this has been predicted for some time.

One problem is that the Spanish Government seeks an undertaking that no staff be sacked, and the development of modern technology and the grouping of companies has meant that there is considerable redundancy. Owing to the huge debts to be written off before any potential buyer will take over—and there are rumours of both English and American interest—the whole affair is costing the Spanish Government an enormous sum. Because of a legal action over Williams & Humbert's title to its best-selling brand, Dry Sack, it is likely to be the last concern to be sold.

How does Jerez view the coming entry into the EEC? It does not expect it to make much difference either way since most sherry is already drunk within the Community, although they will be relieved of the countervailing duties imposed on non-EEC producers. But the houses making brandy are likely to suffer. Spain has by far the highest per capita consumption of brandy in the world, selling about 11m cases within the country, while Gonzalez Byass alone sells 3m cases.

However, the Jerezanos feel less than happy about British sherry being allowed to keep the word "sherry" on its labels. Spain, they say, quietly gave up calling its brandy cognac and its sparkling wine champagne.

A year ago the European Commission supported the Spanish case for sherry being an appellation that could not be used for anything else. By EEC and long-held British standards, British sherry is not grape wine at all, as that must be made in the region of production from fresh grapes, whereas British sherry is dehydrated, concentrated grape juice, mostly imported from Greece and Cyprus. Yet last December the Council of Ministers overruled the Commission, partly because Britain has a foot in both camps. It was supported, the Spaniards say with some bitterness, by the French, the great protagonists of appellation protection. Back-room horse-trading must be suspected. Spain has reserved her position on this, and the fight continues.

It cannot be claimed, however, that sherry is a success story again. In the last boom year of 1973, 723,000hl were imported to Britain and Northern Ireland; last year it was just below 500,000hl. We are still the world's largest sherry consumers with more than 40 per cent of total exports, although it used to be more than 50 per cent. But the figures are complicated by re-exports, notably of cream sherries to the U.S.

Harvey's claims 20 per cent of the world's sherry trade. Yet other drinks, including white wines and cocktails, have taken over much of the aperitif market.

However, I believe that sherry, in all its varieties, is unmatched in its field, and I will discuss this in a further article.

Edmund Penning-Rowsell

Wine

Five years ago the industry was in near-crisis. Now, the great cloud has lifted.

Gardening

When it's all in a name

A FEW GARDENERS like botanical names simply because they know them; most find them inconstant, incomprehensible and hard to pronounce and remember.

I, for one, use popular names when they do not add to confusion. I gladly write about roses, daffodils, wallflowers, pinks, carnations, lupins, beeches, birches, oaks, rowans and the like, since these simple names provide adequate indentification.

Difficulty occurs only when greater detail is required. There are, for example, 250 species of roses and 100 of rowan, and most of them have not acquired popular names, leaving their botanical names as the only accurate means of labelling.

In fact the botanical system, which identifies every species by two names—one for the genus of related plants, the other for the particular species in that genus—is both logical and simple.

For example, those with a smattering of Greek and Latin know that *gyposphila* are lime-loving plants, and *paniculata*, the name of the most popular perennial kind, is a plant which carries its flowers in panicles or complex sprays.

Some names may surprise you. In my innocence I imagined for many years that *formosa* meant a plant came from the island of Formosa, now Taiwan, and I was puzzled by the fact that some of these were fully hardy plants though Taiwan has a sub-tropical climate. In fact *formosa* means beautiful. There is a similar catch to *florida*, which means flowery, not that the plant comes from Florida.

Some of the books available on plant names give advice on pronunciation, particularly the latest one to come on to my bookshelf, *The Collingridge Dictionary of Plant Names, by Allen J. Coombes (Collingridge. £4.95)*. This useful little book can double as an encyclopaedia of plants, with its alhpabetical arrangement of genera from *Abelia* to *Zygopetolum*, in which the approximately 3,000 principal species are named under each genus.

Coombes gives good explanations for his versions of pronunciations, and here lies the big problem, or even the big escape. A great many botanical names are made-up: they were invented by the botanist who first described the plant, they are always in Latin and they are usually based on classical Latin or Greek words. Since no one knows for certain how these were pronounced and since the hybrid words invented by the botanists are even more a matter of opinion, it is easy to find intelligent, well-informed people pronouncing these names differently.

At school I was taught to pronounce "c" in Latin as a soft "s," whereas some of my friends at other schools were taught to give it a hard "k" sound, so that to me Caesar was "see-zar" and them "ki-zar."

Combes belongs to the hard "c" schol, which is fine for *camellia* and *componula* but will prove highly confusing at the nursery when you ask for kee-a-no-thus, meaning see-an-o-thus, or for kol-ki-kum, kistus and many more. The logic is impeccable, but the result, as often happens when logic is so rigidly applied, is deplorable.

My own advice to those embarrassed about pronouncing plant names is to stop worrying and to say them as they hear others doing so, or if they have never heard them spoken, as they seem reasonable. With other people I try to adapt my pronunciation to theirs to avoid embarrassment. To a Dutchman I say dah-lee-a, not day-lee-a, and to almost any European, pee-nus not pi-nus. To those who like to call the heaths e-ree-ka, with the accent on the second syllable, I happily fall in, though er-ik-a, with the accent on the first syllable, is my preference.

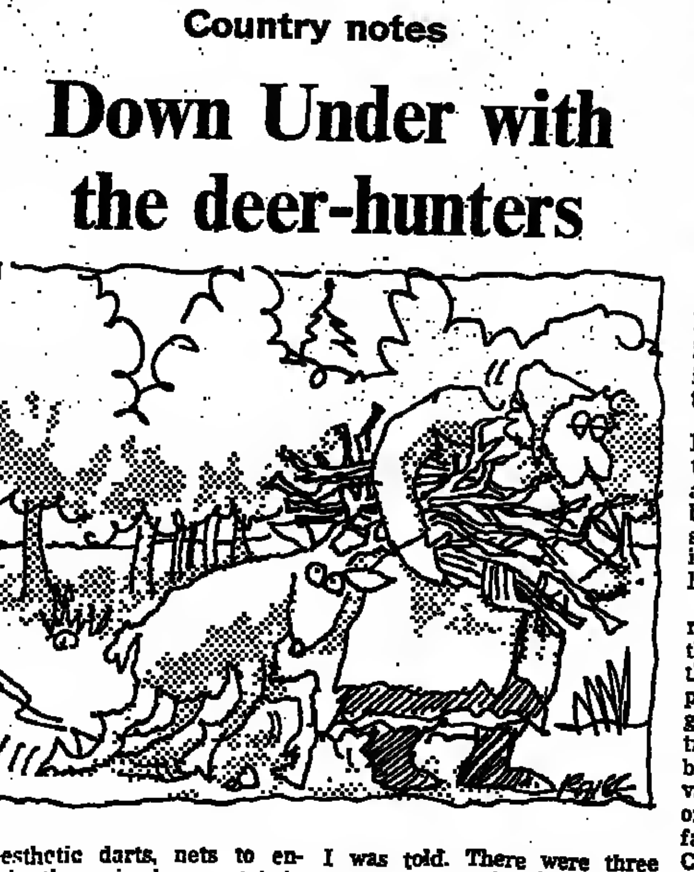
Botanists make name changes to keep abreast with new knowledge that emerges as plants are studied more intensively and with technical aids not previously available. Gardeners are often unaffected by these new developments. To take an old example, the ornamental quinces did not cease to be quinces in gardeners' eyes when botanists decided that small differences in leaf and flower formation necessitated moving them ot a new genus which they called *chaenomeles*.

I am not suggesting the clock should be put back and we should resume calling these plants *cydonia*, the name for the edible quince, for that would only add to confusion, but it is a pity that gardeners continue to tie themselves too tightly to botanists' apron strings. It is time for them to assert their independence and insist on familiar names being conserved when no useful horticultural purpose would be served by a change.

Arthur Hellyer

Country notes

Down Under with the deer-hunters



DEER ARE increasing in the South of England; mainly fallow and roe although an occasional red can be seen, possibly a stray from the New Forest. I have not yet seen or heard a muntjac, or barking deer, about the size of a large dog: I gather they have not yet found a way across the Thames from the counties north of London. The deer have not done a lot of damage so far, although they are very fond of roses and will graze bushes to the ground. They also eat the heads of wheat and make nests in it when it is growing.

I won't allow them to be shot on the farm. A shotgun will wound, not kill, while my part of Hampshire is populated too thickly to use a rifle unless you are up in a hide. In any case, I like to watch them while driving round; and if you keep them up wind you can get quite close to them before they bound away. If numbers rise much further they could become a pest and need to be thinned out.

Until a dozen years ago they were a plague in many parts of New Zealand, too. A bounty was placed on their tails, and they were shot and poisoned ruthlessly. No longer: somebody found out the South Koreans had an insatiable demand for powdered velvet—produced from the immature antler, which re-grows every year—a tonic and aphrodisiac. A concurrent market developed for exporting venison to Germany.

Now, instead of killing deers in the bush, the aim is to catch and domesticate them using helicopters from which to shoot anaesthetic darts, nets to entangle the animals, or various kinds of trap.

Recently I was invited to visit a trapping enterprise, in native bush at the extremity of a sheep farm. The road there was hairy: a shingle track with a gradient that seemed about one in two, up which we lurched in four-wheel drive. Along the way we drove through a swamp—much enjoyed by deer on a hot day, I was told. There were three trappers—a small, wizened man, well into middle age; a tall, slim and rather thoughtful chap; and Cyril, who was about 6 ft 8 in, built like a second-row rugby forward, and dressed (it was a hot evening) in a pair of shorts and army boots.

"What you need," said the small man, who obviously was the driving force, "is Kiwi ingenuity. Like this." As he led me through some high tussock I felt a slight resistance; then, with a crash, an enormous fence fell behind me. "You see," he said, "the deer comes along looking for a wallow in the swamp, hits the wire, and bob's your uncle."

But was it? After all, the trap was nearly the size of a tennis court. How do you catch the deer? I asked. "That's where Cyril comes in," said the small man. "We drive the deer towards a corner and he dives in and seizes it. Then we tie it up and take home in the truck."

"Do you have any problems?" I inquired. "Yes, thieves—thieves in helicopters. You see, although this is private land the bush is alongside. They fly over, and if they see one in the trap it's easy for them to net it, and lift it out.

"To counter that, we are running a high fence through the edge of the bush to keep the deer from the cleared patches and out of sight and guide them towards our 10 traps." In addition, each trap has a radio which, when activated, rings a bell by the bed of the slim man, who is the farmer. Come daylight, he and Cyril go back up the hill to catch whatever is there.

After that, the small man explained, the deer are tamed by being penned close to the dairy cows, and then sold. The hinds go for breeding—they fetch up to £1,500—and the stags for meat or velvet production for about a tenth of the price.

John Cherrington

Broadway's beloved rebel

THE KINDNESS OF STRANGERS: THE LIFE OF TENNESSEE WILLIAMS
by Donald Spoto.
The Bodley Head.
£12.95, 409 pages

ON THE morning of Palm Sunday, 1911, Mrs Edwina Dakin Williams gave birth to a boy as she was preparing to attend service at her father's church in Columbus, Ohio. Her husband Cornelius, a ne'er-do-well telephone man and later shoe-salesman, had the boy christened Thomas Lanier after his father, a Tennessean of aristocratic pretensions who "traced his ancestry back to musicians at the English courts."

In 1938 with a few student productions and poems to his credit, Tom Williams adopted the name Tennessee as a way of affirming his sense that he would henceforth become a professional playwright. It was a decision that he had made a few years earlier when he was staying with his grandparents in Memphis, Tennessee. From now on, an unresolved conflict between the birth-name and the writing name would be part of his personality.

No wonder Donald Spoto has entitled his biography *The Kindness of Strangers*, a phrase used by Blanche du Bois as she is taken away to the asylum at the end of *A Streetcar Named Desire*. Without his talent Williams would have been a broken-down bum. He was that anyway, but at least he had enough of the divine ichor to make us follow his sordid story with fascination.

He was dominated by his mother, a strong-willed woman, genteel as only a Southern belle can be. The most deeply etched portrait of her we have is in that highly autobiographical work, *The Glass Menagerie*, where she appears desperate for "a gentleman caller" to attend the pathetic young heroine, her daughter, who is based upon Williams's invalid sister. Williams himself suffered delicate health as a child, and his Mama kept him away from school as long as she could. When he did finally go to Junior High, "Miss Nancy" — as his father called him — earned a reputation as a bookworm and scribbler. During the 1930s he attended the University of Missouri, Washington University, St Louis, and the University of Iowa. By 1941, exempted from military service because of eye trouble, he was already well-known as a talented short-story writer and playwright. After the performance of *You Touched Me* at the Pasadena Playbox, Williams moved to New York where, on his 34th birthday, *The Glass Menagerie* was produced — to instant success and acclaim.

His private life had by this time become notorious. He acquired a series of boyfriends, to whom he was profoundly unfaithful. "Kip" Kiernan, the Jewish-Canadian dancer, was succeeded by Pancho Gonzalez, receptionist in a New Mexico hotel. Then there was Salvatore, picked up in Rome, and Frank Merlo the ex-Marine—according to Isherwood the best of the lot, "a lovable man." But Tennessee was another matter. In Sicily, collecting material for *The Rose Tattoo*, he stepped up his already frenetic sexual activity in order to "cover up the little old maid" in himself—a phrase which he put into the mouth of D. H. Lawrence on *I Rise in Flame Cried the Phoenix*. When Cardinal Spellman denounced *Baby Doll* from the pulpit — with the inevitable massive publicity—Williams seemed to take it as a licence for ever-increasing sensationalism. *Sweet Bird of Youth*, to be revived in London soon, "dismayed and alarmed" even Kenneth Tynan.

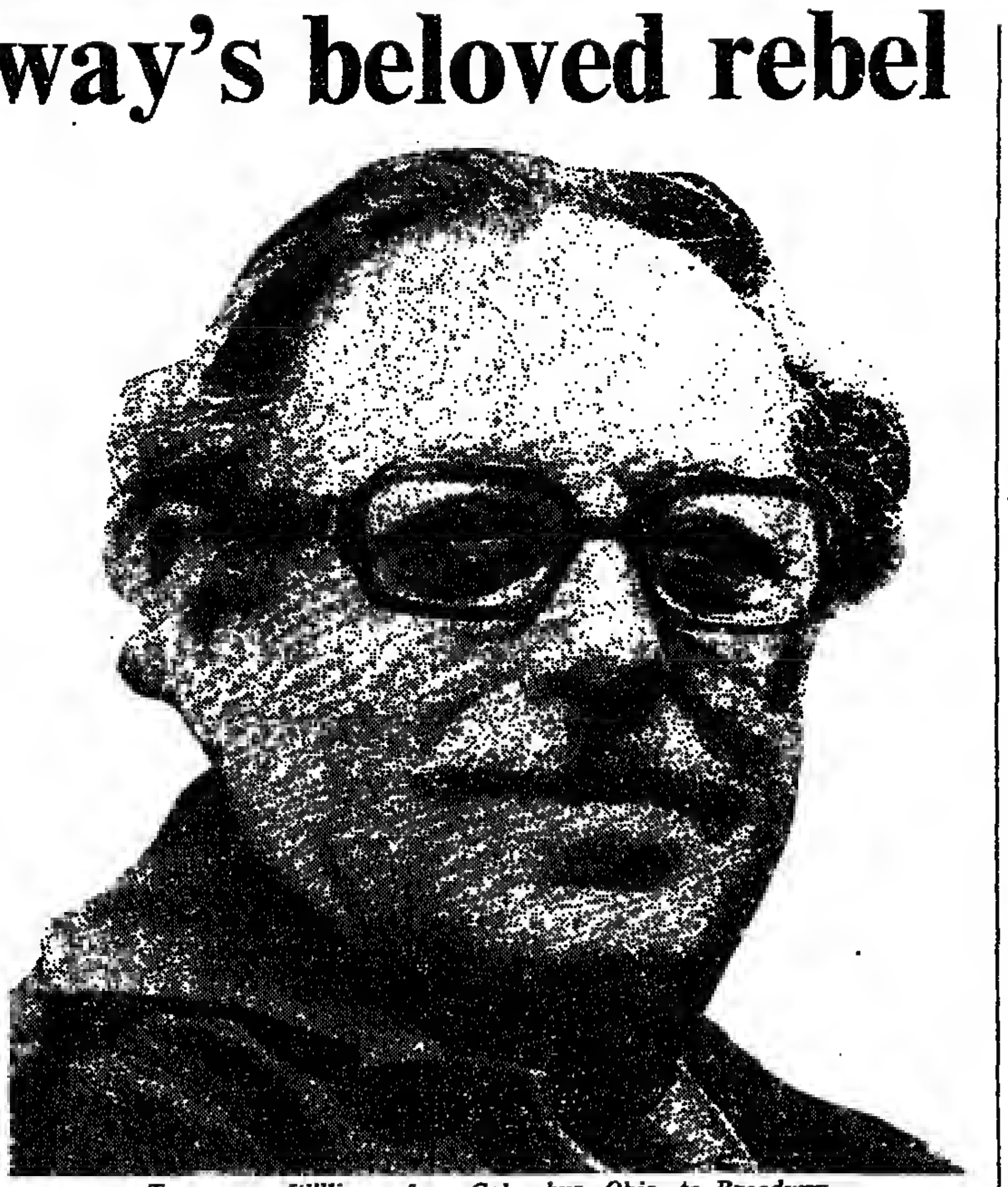
Williams began taking massive doses of drugs — mainly amphetamines and barbiturates —washed down with wine and spirits. When Frank Merlo died of cancer, he turned to Doriden supplied by the aptly named "Dr Feel Good." But Williams felt bad, and the more he took the worse he felt. He wrote furiously, but what he produced was of poor quality. "We are still receiving his messages," said Life, "but it is obvious that they come from a cinder." The cinder finally burnt itself out in 1969. His brother put him through a cold turkey cure in St Louis and, for saving his life, was cut out of Tennessee's will. More drugs and more drinking followed, exacerbating Williams's already pronounced paranoia. The 1970s were a blur. Finally, on February 24, 1983, he was found dead in bed in a New York hotel, having choked to death on a bottle cap which he used as a spoon.

Tennessee Williams was a pathetic figure. Yet in spite of the sordidness of his life and his ill-treatment of his friends, it is hard to dislike him. He had a striking but not, in the last analysis, a great talent—not, certainly, in the way that O'Neill's was great. The only history he knew was his own; his writing was the most obvious self-therapy. Not that there is anything reprehensible in this, but for development there must be a certain ruthlessness. Williams had neither the intellectual objectivity nor the will to lift himself out of his picturesque but sentimental self-indulgence.

On two occasions in his writing life his romantic genius flowered and, with the help of Elia Kazan, he produced memorable plays: *The Glass Menagerie* and *A Streetcar Named Desire*. With the possible exception of *Cat on a Hot Tin Roof*—also completely restructured by Kazan—the rest are just grotesqueries with flashes of brilliance. He rocked the 1940s and 1950s, but his guttering gothicism was out of place in the 1960s and 1970s. And the trouble was that—write daily though he might in those last 13 years after his breakdown—he knew it only too well.

Donald Spoto spares us none of the horrors. He has done a thoroughly professional job; what he lacks in critical insight he amply compensates for by the patience he shows at the antics of the gifted *enfant terrible* at the centre of his biography.

Geoffrey Moore



Teneneesee Williams: from Columbus, Ohio, to Broadway

Rich man who started again

THE WHIMS OF FORTUNE
by Guy de Rothschild. Granada. £12.95, 276 pages.

GUY is an angry Rothschild. He cannot forgive President Mitterand's government for taking away the family business from himself and his relations. Indeed, looking at the confiscation calmly from the outside, it does seem one of the more pedantic examples of the craze for "nationalisation" which swept over a generation of European Socialists. As Guy de Rothschild pointed out in an article which *Le Monde* published at the time: "A Jew under Pétain, a pariah under Mitterand — for me it's enough. To rebuild on ruins twice in a lifetime is too much."

That was written seven years ago, in a mood of understandable depression — a business with 30,000 on the payroll and a turnover of Frs 26bn had been expropriated in exchange for a sum less than the value of its office building in Paris.

The Rothschilds, with all their advantages, probity, acumen, wealth, and so on, had one tremendous liability. More than any other family, they were a symbol of Money — money and its legendary power. Besides, it was easy to identify them. Were they not *La Banque Juive*, more exclusive even than that other bogey of French mythology, the HSA *(Haute Société Protestante)* and, of course, more sinister!

So Guy de Rothschild said goodbye for the last time to the weeping staff at the Rue Laffitte, pressed an envelope containing the last bonus into grateful hands and sallied forth into the chilly new world. It was the end of an epoch.

In this autobiography he describes his own share in that epoch. First of all, there was an upbringing in the extraordinary family *palace of Ferrières*, which Bismarck disliked so much and which, better than any other building, expresses the spirit of its age, the Second Empire.

Then there was the Army, a crack cavalry regiment, needless to say. And so to business, to learn how to harness the wonderful river of gold—and incidentally, the racing, the shoots, the fast cars, Biarritz, Deauville and all the other playpens of the rich and their ladies—in short, the glamorous world that crashed in 1939.

For him the war was inevitably poignant; exile, a miraculous escape from death by drowning in a U-boat attack, and return to Paris to rebuild the family business in an impoverished country.

He made a fundamental change in the bank's policy. The Rothschild bank had always refused to provide management services to companies it owned: "If they make a profit, they'll consider it their due; if they lose money, they'll say that they were ruined by the Rothschilds." A chilly realism with a good deal of truth in it!

Guy reversed that course. The most obvious result was a rise in deposits at the bank, from 200m francs in 1957 to a billion 10 years later. It seemed that he had succeeded in reaching his first objective: Rothschilds had played its part in the extraordinary post-war recovery of France. It was back on the map.

But it was not all he aimed at doing. In a memorandum dated January 1946, he had pessimistically predicted that private banks would be suppressed in an anti-capitalist country. "To live in France in prosperous retirement is a mediocre goal. To create a Rothschild Bank in America is an endeavour worthy of the Five Gentlemen of Frankfurt" —the Founding Fathers of the financial empire.

So Mitterrand's execution of the bank, unwelcome as it was, has simply given Guy a jolt in a direction he had anticipated long before. He now divides his time between Paris and New York, which probably means that his vision of an American bank is being realised. The last words of this book breathe a different spirit from the defeatism of seven years earlier: "One is only defeated when one accepts defeat."

The bank has gone. Ferrieres has gone, but he has been persuaded by his wife to buy a delicious old house on the Ile St Louis, where he can entertain as befits a Rothschild. And the family still own that aristocrat among clarets Château Lafitte. All is not lost!

Nobody who reads his book will be surprised: the vigour and spirit of the blood is still very much alive. Guy is not only angry. He is active.

George Malcolm Thomson

Guy de Rothschild: rebuilding on ruins.

Fiction

Missionaries in a bit of a stew

BLACK ROBE
by Brian Moore. Jonathan Cape. £8.95 246 pages.

A TALK WITH THE ANGELS
by Desmond Meiring. Secker & Warburg. £9.50 293 pages

MR MERRY MORNINGS
by Ivan Klima, translated from the Czech by George Theiner. Readers International. £8.95 154 pages.

THE LOVE ISLAND
by David Glover. Robin Clark. £8.95 159 pages.

MOST PEOPLE are familiar with the fascinating and in many ways paradoxical story of the Jesuits in Paraguay through Fritz Hochwalder's brilliant and thoughtful play *Das heilige Experiment*, usually known in English as *The Strong are Lonely*: this has very recently been shown on BBC television. Brian Moore has chosen, for his latest novel, to cover somewhat similar ground.

At the beginning of the 17th century few Europeans lived in the land which would become Canada and the U.S.A. From Quebec a band of Jesuits set out to establish missions among the various Indian tribes. *Black Robe* is about the dilemma of Father Laforgue, who must try to change the way the Indians view Jesuit priests —as an inferior race of magicians. He must also try to save the soul of a French boy who can speak in the Indian tongues, and who he sees making love to an Indian woman.

This is eminently professional, and beautifully told. The character of Father Laforgue, with his penchant for martyrdom, is at least in part well and faithfully presented. But I wonder if it is not all rather too professional. . . . There is something over-simple about it: Hochwalder's more complicated and ambiguous play left me psychologically satisfied, whereas this novel left me feeling that I had been cheated of something. A splendid tale, yes, but is it more of an intelligent entertainment than a serious book?

I could believe in Father Laforgue only up to a certain point. When it comes to the question of the Indians' view of the Jesuits Moore is finally rather glib about trying to convey his sense of their pagan inferiority, for all his determination to be fair. The scene in which a sick priest convinces a group of Indians who have wrongly attributed a plague to the "magicians" that they, on the contrary, must "change their ways" is somewhat slick and incredible. The research into the Indian societies of that time has been, I am sure, laborious. But an anthropological insight is lacking. A skilful book, but by no means Moore's best or most highly charged.

A Talk With the Angels is Desmond Meiring's eighth novel of action. He has been compared to André Malraux and Graham Greene. I go along with that because Meiring — co-author of an excellent recent account of the Belgrano tragedy—has clearly learned from both, especially from the early Malraux. *Talk With the Angels* concerns, in essence, the fanatical Muslim Brotherhood. But it would be wrong to reveal any of the details of its plot, beyond saying that it begins with a murder in Cairo, has much to do with a Coptic policeman, and has an air of profound knowledge of international conspiracy—which is depressing in view of what it tells us. Altogether a first-class novel of action, and highly recommended as distinguished in its genre.

Ivan Klima is a Czech writer who has always been on the wrong side of the Soviet puppets who run his country. He left in 1969 to take up an academic appointment in America; but then returned in 1970. All his work is banned, but it circulates in "Padlock Editions"—a hardbound Czech form of *samizdat*. So this book is translated from what in Czech is still a manuscript. It consists of six charming and comic stories about Prague, irrepressibly cheerful and successfully written as though the Russian domination did not exist. Klima has very much his own voice, and cannot be said to resemble anyone. These are the best short stories from Czechoslovakia since the days of Karel Capek. Readers International, the publishers, have an interesting list of books from Latin America, South Africa, China and Arabia — a splendid and important enterprise and worth supporting. They are at 8, Strathray Gardens, NW3 4NY.

David Glovers' second novel, *The Love Island*, is the first-person narrative of Harry Mercer, and is in part an exercise in irony, though it ends in some sort of reconciliation. It is essentially on the difficult theme of the permissible limits of ethnocentricity. Harry Mercer, an economist with earnest theories about the Third World, goes to a paradise island called Pentoda (an amalgam of several real ones), where has has a love affair with a native singer, whom he patronises. But when the political situation on the island becomes explosive, he returns and learns something about himself. This is well observed, admirably brief, and intelligent; a worthy successor to *The Lost Village*, which was deservedly well received.

Martin Seymour-Smith

Brian Moore: converting the Indians.

CRIME

DEAD RINGER
by Roger Ormerod. Constable £7.50 188 pages

DEATH AT CHARITY'S POINT
by William G. Tapply. Collins £7.50 208 pages

THE STORY of *Dead Ringer* is complex, and most of the important action has taken place before the book begins; so the central chapters consist largely of the protagonist driving around from one place to another, trying to piece past events together. Half the time, he gets the sequence and the motives wrong, and the reader tends to become confused. When it is all sorted out in the end, patience has flagged. Always, Ormerod is good with details (we learn a lot about movie stunt-men).

Brady Coyne—who makes his début in *Death at Charity's Point*, a prize-winning first novel —is a lawyer with a flair for investigation. His initial case leads him to a posh school, a neo-fascist cell, and some good eating and drinking. He does not quite belong to the hard-boiled Hammett boys, but he is suitably tough and resilient. Tightly-written, neatly-plotted, with a welcome vein of wit.

William Weaver

When Labour held the sway

LABOUR GOVERNMENT 1974-79
POLITICAL AIMS AND ECONOMIC REALITY
by Martin Holmes.
Macmillan, £25.00. 260 pages.

THE SNAG about instant chronicles of almost contemporary events is that they risk falling between off-the-cuff journalism and serious history. Dr Holmes here starts bravely, declaring that the 1974 Labour Government "inherited an appalling economic situation partly created by the policies of the 1970-74 Heath Government and partly inflicted externally by the world oil crisis." He then takes us through the menacing uprush of costs and prices in 1974-76, the second 1974 Election, the IMF controversy, and the Jack Jones incomes policy and recovery that followed; and so up to the changes of Government in 1979. The author is a lecturer in politics at Lady Margaret Hall, Oxford.

Dr Holmes is perceptive and fair in his assessment of the leading personalities of his story—Wilson, Callaghan, Foot, Jack Jones and Healey; though his political picture is at times made rather unreal by almost total disregard of the Press and its influence. There are also some remarkable omissions in what purports to be a history of this five years of Government. Dr Holmes scarcely mentions what were arguably the three most important events of these five years: the 1975 EEC Referendum; the enactment of the 1975-76 Earnings Related national insurance system (the most far-reaching social reform since 1948); and the fact that from 1977 to 1979 both unemployment and the rate of rising prices were reduced at the same time. He also barely mentions, let alone calculates, the effect of the Common Agricultural Policy in raising food prices and living costs in 1973-76.

Dr Holmes defines his aim as to examine how "economic and industrial policy" worked in these years; but his economics is at times hit-and-miss. He ignores, for instance, the overwhelming evidence that the trouble in the 1970s was a cost-inflation rather than a demand-inflation, with falling profits, and (as he himself says) pay rates rising faster than prices; but in so far as that was true, the incomes policy worked out with Jack Jones was far more important than the IMF histrionics, and was the main means to the 1977-79 recovery in output and employment.

The book also contains one or two startling statements: e.g. that "Britain has never been a net manufacturing exporter." This is wholly untrue, unless Dr Holmes is confusing "manufacturers" with visible trade as a whole. Similarly he speaks of "the 1978 reflation" leading to "the Thatcher Government facing 20 per cent inflation levels in 1979-80." But the RPI was rising at an 8 per cent or 10 per cent rate at the time of the 1979 Election, and it needed a near-doubling of VAT and a sharp rise in the internal rates thereafter to jack it up to 20 per cent.

However, all can agree with Dr Holmes' final verdict that "the Government's record in 1974-79 was a mixed one": as indeed are the records of most Governments, though some are more mixed than others.

Douglas Jay

Happy days with Hem

WITH HEMINGWAY—A YEAR IN KEY WEST AND CUBA
by Arnold Samuelson.
Severn House Publishers.
£10.95, 180 pages

IN the spring of 1934 Hemingway was just back from his first safari, and beginning to write it up as *Green Hills of Africa* at home in Key West. While he had been away the opening story of what was to become *To Have and Have Not* had been published in *Cosmopolitan*. It caught the eye of a 22-year-old in Minneapolis who wanted to become a writer himself. Arnold Samuelson hitch-hiked the 2,000 miles down to Florida to ask how it was done.

His reception must have seemed like a dream come true. Hemingway took him in, installed him as watch-man on his newly delivered fishing boat the Pilar, and later that summer took him over to Cuba for the marlin fishing.

This is Samuelson's account of that spring and summer, written at the time and edited now by his daughter. He died in 1981, without ever having become the author he so badly wanted to be. Poignantly, although he out-lived Hemingway, this apprentice-piece is his only book.

There are no new revelations about Hemingway here (unless it is that he addressed his second wife Pauline as "Mummy"). But the book is charmingly fresh, with good stories to tell of record fish and those that got away, of amateur harpooning of whales and of shooting at sharks with a pistol.

David Sexton

Royal Academy

The middle ground

It was always held that Private View Day at the Royal Academy marked the start of the London Season. It is rather to miss the point.

There is much at stake. The Royal Academy, quite rightly, takes its own collective professional performance seriously enough. It was never really the case anyway that teh chief characteristic of the Summer Show was amateur—the modest lady from Worcester Park with her water-colour box and buttercups and daisies or the self-taught genius from the shires no longer nursing the pang of crushed ambition and an equally crumpled rejection ticket, but hung on the line with the best of them to general acclaim.

Such stories always made good copy and they always will. With submissions now running at some seven times more than for the other established open exhibitions, it is only to be expected that there will be surprises and discoveries

It has not escaped the notice of the professional community of artists that, size of the submissioo notwithstanding, the odds against acceptance are remarkably god for such an exercits. 1,700 out of 15,000 is just under nine to one, as opposed to rather more than forty to one for the John Moores or the Tolly Cobbold. And for all the undoubted prestige that still attaches to these other competitions (even to getting in, let alone carrying off a prize) the Academy has come increasingly to offer the encouraging possibility of substantial reward. The Wollaston (£3,000 to Carel Weight), and the new Korn Ferry (£5,000 to William Scott) are only two amongst several regular awards.

A generation ago it would have been unthinkable to have artists like Scott and Weight together in the same exhibition, let alone colleagues in the Academy itslf. For a long priod it bad smd marginal; increasingly irrelevant to English Art. But even here, "seem" is the operative word; though it is true that the Academy's public position in which it was supported by polite prejudice, was in thelast ditch of defences set out against the advance of modernism, even then it was not entirely clear that all its members were facing the same way.

What is most certainly true is that under successive presidents these 20 years past, stealthily at first under Thomas Monnington, then with more open confidence under Hugh Casson, now assuredly so under the new president, Roger de Grey—whose career we shall attend with the closest interest—the Academy has moved out once again into the middle ground which it was founded to occupy.

The measure of it is in the membership. When we look at the list, what do we see? Weight, Buhler, da Grey, Spear; the younger fifth column of the 1950s, sometimes mentors, at the Royal College of Art of David Hockney (newly elected ARA), Peter Blake (RA), Allen Jones (ARA), R. B. Kitaj (ARA), Joe Tilson (ARA), Norman Steven (ARA). Hardly, you might say, out of touch.

Who else is there? Why, the Slade Professor, Lawrence Gowing; the Tate retrospectivist, Eduardo Paolozzi; Hayward retrospectivist Phillip King; Serpentine retrospectivist John Hoyland: and Gillian Ayres, Tom Phillips, Ian Stephenson, Michael Sandle, Elizabeth Frink, Elizabeth Blackadder, David Tindle and on and on.

I recommend in particular the paintings of Peter Greenham and of Frederick Cuming and Norman Blamey. Gillian Ayres's buge painting in the Large South Room is very splendid; so are the large water-colour still lifes of Elizabeth Blackadder in Gallery V, hung *ensemble*. Other names: Peter Coker, Anthony Green and Norman Adams who, as senior hanger, has to his credit the remarkable achievement of giving space to as many works as have ever been shown in recent times, yet giving the impression of fewer by a simple, uncluttered presentation in the galleries.

Roger de Grey must not be overlooked in this connection. His work has for too long been under-sung; it can more than cope with the attention his own new-found prominence must lend it.

All these, I must repeat, are members of the Academy; but the Summer Show is always rather more than the sum of its members' works. The open submission is as variously excellent as ever. Ansel Krut, Gus Cummins, Adrian Berg and William Fairclough caught my attention; and the small South Room and Gallery VII gave me more particular pleasure than nsual.

In substance, therefore, the Summer Show is quite what one would expect it to be : serious, professional, catholic, competent, steady—dare I say predictable? To say as much is to iotend nothiog perjorative; what else should an academy be? To criticise it for not being conspicuously innovative or trend-conscious, for not declaring a theoretical positioo or point of view, is as much to miss the point as to look for nothing but the products of amateor sketching society aod evening class.

What visitors will get is a generous trawl through current oroductioo, sifted first by a collective, then an individual judgment, and the particular requirements of the hang. It is not for the Academy to determine and prescribe, to tell us what is in, and oot of critical fashion, but to show us good things of all kiods, at least in its own consideration; and to allow us the chance of a little critical exercise on our own account.

William Packer

Alastair Muir

Private View Day at the Summer Exhibition, The Royal Academy

Saleroom

Art overdressed or underdressed

The Frenchman James Jacques Tissot and the Dutchman Sir Lawrence Alma-Tadema have mnch in common. Both were born in 1836; both found great fame and fortune in tha UK (Alma-Tadema buying Tissot's bouse and studio in St John's Wood when Tissot returned to France); both suffered a period of dreadful neglect in the generations after 1920. Both are enjoying a belated re-appraisal, and both have pictures in Sotheby's on June 18; its best sale of Victorian pictures for some years.

Although they began by painting similar pictures, worthy georе pieces of medieval, or Merovingian, inspiration, they found commercial success in very differeot styles. Tissot with rather sad over-dressed fashion plate women, Alma-Tadema with aly, under-dressed Grecian courtesans. Around 1880 both could command well over £1,000 a picture.

Around 1950 you could probably have picked up a Tissot or a Alma-Tadema for a couple of hundred pounds. Now—well, Sotheby's is expecting at least £200,000 for "Under the roof of blue Ionian weather," a typical Alma-Tadema, with "maidens" listening wistfully to a flute player oo a marbla Mediterranean terrace; and around the same for two Tissot portraits of equally soulful women for which their current owners had paid £1,000 or so each in post-war years.

One can imagine why Alma-Tadema weot so quickly out of fashion after his death in 1912. After 1880 his pictures settled on a scenic sameness, figures locked in an escapist, idyllic classical landscape without plot or purpose. They were savaged by Bloomsbury and by critics who bad come to terms with 20th century modernism—Picasso and all that.

But the neglect of Tissot is more surprising. His work in the late 1860s and 1870s is akin to Manet and Degas, and although his most typical works fall into a pattern of beautifully dressed detached women, nursing some sad secret, at least oo one could deny the mastery over paint in the best of them. But after 1920 anything Victorian was anathema, and it needed a second World War for some brave souls to re-discover Victorian values.

Tissot recovered first. As early as 1936 James Laver was writing about Tissot, and his price rose slowly and steadily through the 60s and 70s. His recent success stems from the fact that he bas international appeal: he is a Frenchman, with High Victorian appeal, bought by Americans. Last year's Barbican exhibition of his work set the seal on his artistic deification. Last week Sotheby's in New York sold his "Return from Henley," a pretty river sceoe, for $370,000. In June 1983 at Christie's "The garden bench" made a record £561,000 ($842,000).

There is some critical judgement about Tissot. A smaller version of his famous portrait of his mistress, Mrs Newton, entitled "October," failed to find a buyer at Christie's New York last week. But with a current exhibition in Paris and plans for a U.S. show, Tissot is likely to establish a place in the higher divisions of the artists' league table. If he had not left France in a hurry after the Commune in 1870 he would be fetching Impressionist prices.

Alma-Tadema is a more extreme case. In 1891 his pictures were selling at auction for over £2,500. It would take another eighty years for them to reach such levels, ignoring inflation. But the Americans liked his pretty, sometimes suggestive scenes, even in the 1930s—and it was an American, Allen Funt, who bought up any Alma Tadema's going in the early 1970s. Then disaster struck. Funt was ruined by an employee and he had to sell his collection—at Sotheby's Belgravia in 1973. He had bought the pictures for $260,000; he sold them for $570,000.

But it is the sequel which is breath-taking. A painting "Between hope and fear" which old for £4,500 in the 1973 auctioo made $165,000 at Sotheby's last year. Two pictures which went for £16,000 and £30,000 in the Funt sale have since sold privately for £500,000 and £900,000, confiring that the best pictures do best—and also that the higher prices for works of art are paid through dealers rather than in the public auction rooms. His subject matter might be limited, but Alma-Tadema's very real painterly skills, married to his genteely erotic subject matter, have secured him the price advantage over the more masterly Tissot.

Anyone looking for bargains among the Victorian masters at the Sotheby's sale might concentrate on a Waterhouse, "Thisbe," which sold for £86 at Sotheby's in 1934, subsequently belonged to Randolph Hearst, and should now make at least £60,000; or two impressive paintings by Sir William Poynter, in his time presideot of the Royal Academy, but still awaiting ocritical re-appraisial.

Antony Thorncroft

Michael Byrne, Alan Bates and Frances de la Tour

Theatre

Death dances brilliantly

Strindberg's *Dance of Death* (1900-1901, in a new production by Ted Whitehead at the Riverside Studios in Hammersmith, is a glum and often mawkish anatomy of a wretched marriage. A drunken army captain, Edgar, and his former actress wife, Alice, are on the brink of celebrating 25 years of misery. The first remarkable thing about eKith Hack's brilliant production, and the performances of Alan Bates and Frances de la Tour, is that fundamental to these hateful charades is the remembered nossibility of love.

Not since the Olivier version at the Old Vic 20 years ago have both parts of the play been given in London. Though the running time is four hours, a right decision has been made. A glacial discomfort settles on the iterlocked trio at the mention of children and in Part Two we see the Captain's daughter and Kurt's son embarking painfully o nthesame slow journey to despair.

Part Two also gives Edgar cataclysmic come-uppance but not before crucially elaborating upon his monomaniacal cruelty. Throughout, Mr Bates combines drunken sottishness with the shifting, feckless manipulation of one who feeds off the vitality of others.

Like the best heavyweight boxers, Mr Bates and Miss de la Tour are light on their feet. The body punches hit home with precision. Mr Whitehead's text is idiomatic and speakable in a way that Michael Meyer's standard version is not. Above all, it is acualy funny. "There's a friend for you!" drawls Alice to Edgar when Kurt exits after pinioning her tothe furniture in confused lust before crawling across the floor to kiss her feet. Why, asks Kurt, 'had Edgar pushed Alice in the sea? "When I saw her standing on th edge of the je,ty it seemed natural she should go in" is the comic and casual reply.

That instance hints at the bleary other-worldliness of Mr Bates's Edgar, a character who sees life in a different light after staring death in the eyes. His black-outs and collapses are strange, almost elegant, Ralph Richardsonian physical inventions, half heart attack balf arcoleptic fit. He will then snap out of it with a puzzled shake of the jowls and a barking military instruction. The lights come up a few points for the *danse macabre* (the designer, Graham Large, is admirably decisive in his response to stage moods and effects) and Mr Bates's feinting fall provides Alice with her first bopeful inquiry as to his possible death.

Frances de la Tonr, through sheer power of presence and comic technique, gives the most animated impersonation of a dried husk that I can recall. She and Edgar are indeed welded together in this recrimioatory purgatory, suspended between a travesty of life and impatient expectation of death. But this Alice's capacity for cutting riposte is, like Edgar's whisky and cigars, the one remaining pleasure. With her hair down and be skin "prison grey," she descends on Kurlt, quivering and possessed, an obscene sensual echo of lost youth.

Again and again this beautifully paced production matches inner turmoil with exact and imaginative physical detail; Mr Batez, ordered off little indulgences, casts bis cigars to the winds after burying his nose in thetm for one last luxuriant sniff; Mr Byrne arrives with a genuine friendly grin all over his face that is only fully extinguished four hours later; the sparkling Prussian Artillery gear of Edgar is later exchanged for the floor-length black coat and swaying predatory nonchalance of the scbemingly ruthless politico; Judish'a teasing humiliation of Kurt's son (Roger Morgan) is summed up in the slow dangling of a tennis racket.

There is no more intelligent or enthralling acting anywhere in London (if you leave out of the couot Anthony Hopkins in *Pravda* or Michael Gambon in *Old Times*). The standard of direction is also well up to what we must now expect from Keith Hack after *Strange Interlude*. And a final word for Mr Whitehead. While leavening the Strindbergian linguistic stodge he manages also to render full justice to the play's succession of theatricalised antonyms: the blessing and the curse, the flowers and the filth, the laughter and the tears, and the not so perverse underpinning notions of freedom in slavery and liberation in death.

Michael Coveney

Royal Festival Hall

Americans perform American

Of the two successive American Festival events in the Festival Hall, it was only Thursday's New York Philharmonic concert that featured American music as well as American performers. George Crumb's *A Haunted Londscape* (1984) was here receiving its European premiere—an expensive work for a touring orchestra to carry across the Atlantic, since in addition to conventional forces of massive size it calls for an array of unusual percussion instruments (including Cambodian angklungs and a Brazilian cuica) to create the special effects of Crumb'a picturesque reverie.

Crumb's title is not intended to suggest an actual programme, but rather to describe the work's poetic range: in it he has sought ont "the tiny, subtle nuances of emotion and sensibility that hover between the subliminal and the conscious." A low pedal is sustained throughout; and above it a succession of delicate frissons—a flute flutter, a stretch of Vaugh Williams-like triads, a spattering of staccato angularities—are spaced out by the artful whisper and crackla of percussion. The music onfolds as a kind of "sound-track" to an unspacified drama. Like almost all of Crumb's music it is expertly fashioned, intriguing in its detail, immediately enjoyable, instantly forgettable.

At least it gave the New York orchestra a chance to show that under Zubin Mehta's direction it is still capable of fine-fingered playing, of soft-spun line and tonal shading. The rest of the concert was a coarse affair. Before the Crumb, 10 strings and a mostly inaudible harpsichord gave a stiff-joined, bard-driven account of the third Brandenburg concerto; and after it came a vigorous, well-drilled, unsympathetic reading of the Mahler Fifth.

Mehta knows unfailingly where all the "big moments" of the symphony are and how to stir the maximum surface effect from them. But be heads towards them in a blinkered way that leads in the process to rough trampling on many of the smaller incidents that go to round out the Mahlerian symphonic canvas. There was little beauty of tone in this performance, little care for precise dynamic variation, little shapeliness of phrase; it was Mahler restricted to two dimensions. But, of its kind, it was certainly efficient.

*

A brief note on Murray Perahia's recital in the same ball the previous evening. It was everything the New York Mahler and Bach performances were not: meticulously drawn and shaded, extraordinarily delicate in its way of casting light on musical corners as well as broad open stretches. In the Bach Fourth Partita and the Beethoven *Les Adioux* Sonata, it was even possible to wonder whether Mr Perahia's supersensitivity of touch was not leading him into areasof artistic mannerism. But the Bartok Suite, after the interval, brought out the braver, bolder side of the pianist; and in the concludine Chopin B minor Sonata all the very best qualities of the recital were summed up.

Max Loppert

Records

Sounds better than supposed

VERDI: REQUIEM MASS
Anna Tombwa-Sintow/Agnes Baltsa/José Carreras/José Van Dam/Vienna Philharmonic Orchestra/Vienna State Opera and Sofia National Opera Choruses/Herbert von Karajan. DG 415 091-1, two records in box; also CD and cassettes

VERDI: OBERTO, CONTE DI SAN BONIFACIO
Ghena Dimitrova/Ruza Baldani/Carlo Bergonzi/Rolando Panerai/Munich Radio Orchestra/Bavarian Radio Chorus/Lamberto Gardelli. Orfeo S 105 843 F, three records in box

PUCCINI: TURANDOT
Eva Marton/Katia Ricciarelli/José Carreras/Waldemar Kmentt/Heinz Zednik/Helmut Wildhaber/Robert Kerns/John-Paul Bogart/Kurt Rydl/Orchestra and Chorus of the Vienna State Opera/Vienna Boys Choir/Lorin Maazel. CBS 13M 39160, three records

Billed on the box cover as the "soundtrack of a Telemondial video production," Karajan's new verson of the Verdi Requiem is a great deal better than such a designation might lead the more fastidious listener to suppose. There is sadly little information as to the precise circumstances of the recording, but the odd imprecision of ensemble suggests that, if not taken live, then it was surely not made under normal studio conditions. Indeed, a perceptible but not seriously disturbing change of acoustic in the "Libera me" indicates the possibility of more than one live, or semi-live, performance.

There are of course advantages in this. Recording levels are much more natural than in recent Karajan studio offerings, with the solo voices heard in ideal perspective, and moments of over-calculation of effects — sforzandos, sudden sotto voces—that have marred some opera sets of late are happily few and far between. ... measured tempos (an asset in the "Sanctus") is as convincingly felt as the not over-generous rubata, and the meaning of double-dots and accacciatura is purposefully explored.

The discipline of a performance with such huge forces is admirable, and its sense of "liveness," flaws and all, is altogether preferable to ice-could studio perfection. This is a grand, stirring and vibrantly dramatic reading with moments of breaktaking, visionary beauty and—to what other setting of the text do the words apply so forcefully?—sheer terror.

The soloists are quite excellent, with Baltsa at her resinous best and Van Dam granting his colleagues a base-platform of impeccable legato phrasing as well as responding vividly to the words (his awed, hollow tone in "Mors stupebit" especially memorable). The famed technical prowess of Tomowa-Sintow inspires instant confidence: nothing, you feel, can possibly go wrong, and indeed it does not, but there are moments when one wanta that extra touch of imagination of, say, a Margaret Price. Carreras's *mezza-voce* and instinctive musicianship are at their most melting.

Orchestral playing and choral singing are superb, caught in astonishingly clear digital sound (I listened on black disc, but am told that it is even better on CD).

IWth the release of the Orfeo *Oberto*, all of Verdi'a operas—at least in their final revisions—are now available on proper studio recordings. This, his first attempt (1939), is for the committed enthusiast: you have to plough through page after page of ordinary early-*ottocento* operatic *lingua franca* for those nuggets that point the way forward. Often theyare just the odd glint of instrumental colour, the passing turn of a melodic idea, but suddenly an entire number can make you sit up and take notice. One such is the tenor's second-act Romaza, oddly named in that he is overcome with remorse having just killed the heroine's father (yes this is an authentically Verdian "family drama"): orchestral effect and vocal line cohere into a gripping operatic entity that clearly anticipates *Macbeth*.

Oddly for a young man's opera, the cast here is dominated by two veterans. Bergonzi, 68 when this recording was made, remains a phenomenon, fresh and pliant of tone, as graceful of phrase as he was 20 years ago. If his pitch sometimea sags, it does so far less often than that of Panerai (his junior by five months) in the title role, but cleanly projected words and wholly authoritative command of idiom see these two marvellous old gentlemen through.

By comparison the young ladies sound pallid but competent. Gardelli treats the score as if it were mature Verdi, securing crisp, attentive playing and choral singing. I cannot imagine that there will ever ba a flood of *Oberto* recordings, so this one can safely be recommended to fill the gap on any collector's shelves.

Maazel has always shown a special affinity for Puccini, as studio recordings of many of the operas for CBS over the years have shown: he is as unashamed of the soft under-belly of the composer's idiom — the quasi-erotic teasing out of phrases and paragraphs, the inimitable Puccinian *sostenuto* — as he is aware of its consistent instrumental invention. Maazel invariably gets the "tinta" right. His new *Turandot* is, alas, live. Yet not wholly "alas": the 1983 performances in Vienna from which it is taken were plainly excellent, and there is that extra frisson born of communal involvement in living drama.

However good the live recording, orchestra and chorus (both first-rate) can only sound boxed in when at full tilt: for the full *Turandot* cinemascope sound-spectrum, the Decca studio recording under Mehta, recently re-issued on CD, remains the best bet. But simply as a reading of the text, Maazel's is extremely impressive and it is good to have it preserved on record.

Rodney Milnes

Radio

Figaro and Figaro

The National Theatre gave John Wells's translation of Beaumarchais's *Marriage of Figoro* a decade ago. Now Radio 3 is to give all three of the Figaro plays, and we heard the first, *The Barber of Seville*, beautifully done on Wednesday. John Wells turns the conversational French into conversational modern English with no extrinsic qnirks to make it sound up-to-date or 18th century or political or Spanish. The story is pretty well as we know it from Sterbini'a libretto for the opera.

Nickolas Grace was riveting at Figaro, sprightly yet graceful, light-baarted yet deeply felt where necessary (as in Figaro'a views on critics). He sang as well as he spoke, for Figaro at that period was travelling ballad-monger as well as barber, and Carl Davis provided some gay music suggesting, not too intensely, the Seville setting. Gary Bond as Count Almaviva, more entertaining as a bachelor than he was later to become as a husband, also sang, probably better than a Count in disguise would be likely to. But this is the play where Beaumarchais wrote the line Shaw quotes in *Man ond Superman*: "If a thing's not worth saying, sing it."

We shall have *The Marriage of Figaro* next Wednesday, and the Wednesday after that the little-known sequel, *La Mère coupable*, which Mr Wells renders *A Mother's Guilt*. If they are as good as *The Barber*, they should not be missed; besides the players I bave mentioned, we have Michael Aldridge, Peter Pratt and Dorothy Tutin, all extremely engaging.

Figaro without Rossini on Radio 3, Siegfried without Wagner on Radio 4. Dennis Ashtoo's *Siegfried's Bride* on Monday was a caricature of the *Nibelunglied*, nearer the original than Wagner, actually, but just as remote in style.

Siegfried's bride is not Brunhilde but Kriemhild, Princess of Burgundy, Helena Breck). Brunhilde, Queen of Iceland, marries Gunther for diplomatic reasons and Hagen kills Siegfried for reasons less elevated. Kriemhild, bent on revenge, marries Attila the Hun and goes to live with him in Hungary, where she massacres all the Burgundian court, on a diplomatic visit. No sillier than Wagner's account, sexually less problematical, the story is exciting and amusing at once. Ian Cotterell directed both this and the Beaumarchais.

For simpler minds, Radio 2 provides Charles Chilton's serial *Space Force* each Monday, where the sound-effects and the incidental music matter as much as the dialogue. By the current, third, instalment, we have found a duplicate of the Great Pyramid on the planet Mars. "We can't use the land-explorer." "Take the emergency solar mobile." Great stuff.

Not for those who already take their money seriously, but for those who do not but should, a new series of four programmes began on Radio 4 on Thursday, called *Hush . . . Money*. Laurie Taylor brings money out of the closet where it so often lies until there is a call for it. The first programme let us in on the gossip of kids ("If you just save it up in the house you don't get interest;" "I get a pound every Saturday but my mum buys me extras;" "I'm saving up to try and get a mortgage when I'm older") and on the talk of those for whom "to live properly" meaos half a million capital, a house in town and a house in the country, and about £90,000 a year. The old belief that money is something not to be talked about is evidently gone.

They still go on about the Great Western. *The Finest Work in England* (Radio 4 last Saturday) was a contemporary survey of Brunel's broad-gauge line. Roger Worsley's programme featured Adrian Vaughan, author of a new book on the subjeot. Both of them took a rather Boy's Own attitude, and why not? Steam trains, especially seven-feet gauge ones are only for fun nowadays, and vary good fun too. We don't get much fun on the Western Region now, alas.

B. A. Young

Sponsorship

Cash to catch new customers

The Royal Opera House in Covent Garden has been under siege this week—from (mainly) young opera addicts queuing to buy a ticket to hear Placido Domingo sing Samson for just £3. The hargain price is made possible because the Midland Bank is bridging the gap between the normal price—up to £37—and the £3 which secures a place with about 700 others on the floor of the stalls.

Covent Garden Proms began in 1972 and last Tuesday's performance of Samson et Dalila was the hundredth. For the Royal Opera House it is a marvellous way of reaching a young audience and belping to dispel its pricey image. Midland Bank, too, is not oblivious of the age of promenaders: like many arts sponsorships it caters towards yonth, not only because youth is always indulged, but because that is where new customers come from.

The big four banks bave traditonally been major sponsors of the arts, spending around £2.3m between them out of a total corporate arts sponsorship investment of £17m this year.

The arts is the ideal forum in which they can combine a commitment to social responsibility with self interest (bank managers often need an occasion to entertain existing and prospective customers).

Midland Bank's annual expenditure of almost £400,000 is typical: it is split between Covent Garden and many small local events. It is the largest regular sponsor of the Opera House, providing £250,000.

In contrast, the Midland scatters its remaining £150,000 over hundreds of tiny events, of great local importance. At the suggestion of it branch managers it might give £50 to a school production of *Iolanthe* or rather more to the Telford Brass Band Festival.

Barclays bas the most bard headed approach to sponsorship, with most of its £500,000 in enabling the two Royal Ballet companies to tour abroad, and this year has given £60,000 to finance Welsh National Opera's production of *Rigoletto* and £85,000 for the London Festival Ballet's forthcoming *Coppelia*. It also aids tours by Glyndebourne Opera and the Bournemouth Symphony Orchestra.

Lloyds devotes most of its £600,000 a year to youth — to the National Youth Orchestra, to young print makers and actors, to financing workshops for "A" level English students at the Mermaid. Like the other banks it also covers local activities, helping Leeds Youth Opera, among others.

Its involvement is, however, low key compared to its rivals. The biggest spender is NatWest, with £752,000 this year. It combines the national and the local approaches by enabling the RSC to undertake its national tour, where it performs in small venues, such as villages halls and schools, at a cost of £130,000. Among its other major sponsorships are £100,000 for Sadlers Wells; £50,000 for Kent Opera and the same for the English Chamber Orchestra.

Antony Thorncroft

WEEKEND FT

Private view

Tear-provoking scenes: last view from Heysel Stadium

Brutality and compassion

AGAIN and again we are told by the self-appointed keepers of the nation's conscience that constant exposure to violence on television is thickening our skins and hardening our hearts. But again and again actual (as distinct from fictional) violence on television proves them wrong. When those harrowing pictures from the Heysel Stadium flashed into sitting rooms on Wednesday night, viewers wept. As those poor people, crushed beneath the crowd and the rubble, stretched out their arms, pleading to be dragged free, men and women all over Britain broke down and cried.

No nationwide poll is needed to convince us of the truth of this; anyone but a recluse knows it from his own experience. Less than three weeks previously we had watched in appalled fasination, and then in tears, as television showed us the human torches stumbling out of the inferno of the Bradford City football stand. There have been numerous previous occassions when the sense of pity induced in the audience was so strong that tears were the universal response.

One of the earliest examples practically pre-dates television: the Hindenberg airship disaster in May 1937 was not only recorded for cinema newsreels but witnessed by NBC radio reporter Herbert Morrison whose impassioned, sobbing commentary has the power even today to reduce the listener to tears. But most instances, of course, are produced by warfare. There was the pitiful sight of the little girl running naked down Route 13 in Vietnam after her village had been napalmed. Biafra produced horrifying pictures, not only of starving babies but of mass summary executions.

Perhaps the most poignant piece of newsreel footage I have ever seen comes from Chile. It shows a street being cleared by soldiers, one of whom, in the distance, waves his rifle angrily at the camera whose film we are watching, then takes aim and fires straight towards the lens. Slowly the picture skews round until we are watching the sky: the cameraman filmed his own assassination.

So far as I can tell, such scenes produce no less feeling or compassion in the onlooker today than they would ever have done, the chief difference being that now, thanks to television, they can be witnessed by millions worldwide instead of by dozens in one place. I am aware of no evidence to show that even the disgusting quantities of violence in today's fictional series such as Dempsey and Makepiece and The A-Team has any effect upon our reactions when it comes to the real thing.

Certainly the way that the British authorities behaved in the Falklands suggests that they do not believe the viewing public has been de-sensitised by Starsky And Hutch. Television cameras recorded the agonising scenes after the Argentines bombed Sir Galahad: driven to the rails by the flames, men were forced to leap overboard, only to land in an oceanwhich wasitselfonfire. The courage of the helicopter crews who were seen flying blind into the smoke over and over again, their rotors perilously close to the ship's side, to rescue men, was itself deeply moving.

But the significant fact is that the authorities made sure none of us could see any of this until well after the event. The fear was htat if a free society permitted its people to watch such distressing scenes as they occurred it would sap the national will, while the totalitarian foe could censor any dispiriting material on his side and transmit only that which would boost morale. Whether it makes any sort of sense (even temporarily) to fight totalitarianism by becoming totalitarian is another debate; the point is that the British authorities believed British viewers' compassion to be so powerful that such scenes could not safely be shown.

The most difficult question is where television's own responsibility lies. Sometimes the violence is clearly arranged to attract the cameras and, thereby, the attention of the world: examples are innumerable, from the blowing up the airliners at Dawson's Field to the mounting of violent demonstrations and pickets. Sometimes it is difficult to know: it has been suggested that *agents provocateurs* from the National Front deliberately instigate football crowd violence to help bring about a police state.

However, whether televising an act of God or an act of man, the behaviour of camera crews when covering a catastrophe will always be called into question. If there is one helicopter available to fly into a famine area should it be loaded with food or cameramen? Some feel it is inhuman to send in "voyeurs" when you could send rice, but the answer is that the footage the "voyeurs" bring out can be shown on *television* and inspire the pity which can lead to enough aid to lessen or even end the agony.

Events such as the Heysel Stadium disaster are more problematic: viewers often ask one another tearfully "Why don't the cameramen go and help?" not realising that the cameras are miles away using telephonto lenses, and that the crews might have difficulty getting near those in need even if they did try. If experience teaches us anything it is, surely, that there is no single answer: individual cameramen or journalists have to take individual decisions according to each new dreadful set of circumstances.

But at least we do not have to scourge ourselves with the accusation that television is inuring us all to violence. Television's "crime" is that it has shown us how sadly impotent we are in the face of so much human tragedy. In the past we only heard about such things after they had occurred. Today, too often, we watch them as they happen in all their horror and our own ineffectuality appals us. That is not such a shameful emotion.

Christopher Dunkley

Sport

The captains . . . and the kings

WHAT MAKES a great captain? Is it charisma, cricketing skill, a knowledge of the game, tactical ability, diplomacy, gregariousness, or a combination of all these things?

The subject is one that will concentrate cricket followers' minds during the next few weeks as David Gower leads his England team out on another series against Australia and BBC2 rakes over old Ashes with a four-night super soap opera on the Bodyline tour of Australia in 1932, where myth has it that Douglas Jardine almost prematurely gave away the British Empire with the co-operation of three devastating fast bowlers, Larwood, Voce and Bowes.

Jardine wrote a book about it in 1933, a year after that historic tour. He was a great captain of the old school—Winchester and Oxford, going out to bat in a tilted Harlequins cap and a flashy neckcloth. The myth is that he was also a ruthless cricketing machine and a cold fish. Certainly, he admits that the time you chose to have the drinks brought out to the field can be all part of the strategy of winning a game.

There is another Jardine—the man who sat in the pavilion at lunchtime reviving his Nottingham ex-miner fast bowler, Harold Larwood, with sips of champagne after a particularly nasty morning with the crowds on The Hill at Sydney.

Another lordly England leader has told a story about the pitfalls of captaincy. Ted Dexter led a team to South Africa which included a promising young basman called Geoffrey Boycott. Dexter had been told that Boycott was shy, not very sociable and needed fathering. Dexter made a great effort to befriend young Geoffrey, always took him for a drink in the evening and encouraged him. "In the first game, we played together, he ran me out," Dexter recalls in his book on *Master Batsmen*.

So what makes a great captain? Where does the buck stop at Lords? Mike Brearley perhaps the most successful England captain of recent years (17 tests won and only four lost and four county championships and two Gillette Cups as captain of Middlesex) has just put down his thoughts on the art of captaincy.*

Brearley is the ideal man for the job, a Cambridge Blue and a professional cricketer, which gives him a foot in both camps of captaincy. He traces the history of captaincy from the old days when the gentleman amateur captain was a white-flannelled Greek god, but didn't have much say in the selection of the team. When the MCC handed Archie MacLaren his list of names for an Australian tour, he said: "My God, look what they've sent me!" Today, David Gower has a better deal, as an important co-opted member of the selection committee.

So much has changed. Brearley is looking at captains like Brian Close (Aireborough Grammar School and two years in the ranks of the Royal Signals, but a man with charisma.) When a ball rebounded from his huge bald head and somebody caught it, colleagues rushed up to Close to stem the blood. "What if it had you an inch lower," one of them asked. "Well, he'd have been caught in t'gully," Close said.

Brierley says: "Charisma seems to me a most limited asset to a captain. It helps in the early stages; any cricketer would be inclined to give Botham, or Close, or Dexter, or Ian Chappell the benefit of any doubt about his decisions . . . but honeymoons come to an end, and *charisma does not* imply steadiness, patience, concentration or considerateness, all invaluable to a captain . . .

Dexter too easily became bored. Close's perfectionism unsettled his players. Botham, too sensitive to criticism, allowed outsiders to unsettle him. "Even the England players became cautious about offering advice if they suspected that Ian would not agree with it."

On other England captains: Willis had willpower and courage, but he "shut himself up into a cocoon of concentration and fury for his bowling" which raises the old question of whether a team can be successfully captained by a fast bowler. Willis, in fact, did not win a series.

Ray Illingworth: He believes that the all-rounder, especially the slow-bowling all-rounder (he is one himself) is the best man for the job; his main flaw as a captain was "not bowling himself enough."

Leonard Hutton: England's first professional captain (he never captained his county club, Yorkshire). Very good at saying just enough at press conferences. "We've got this chap called Tyson, but you won't have heard of him because he's hardly ever played." (Tyson shortly afterwards took seven wickets in a Test against Australia and England won by 111 runs).

David Gower: An intelligent cricketer. He is becoming aware of his responsibilities, but is still learning the art of captaincy. The forecast is good.

Captaincy has come a long way in the history of cricket. It is still a job of influence, but not the power of a W. G. Grace. My favourite Grace story is about the time he captained the Gentlemen against the Players at Lord's which meant he was virtually in charge of the match.

It was after tea on the final day and a professional called Parkin from Yorkshire, knowing there wasn't much chance of a result, asked Grace if he could get away early to catch a train so he could have a day off before a county championship match at Heddingley. "We'll see," said Grace.

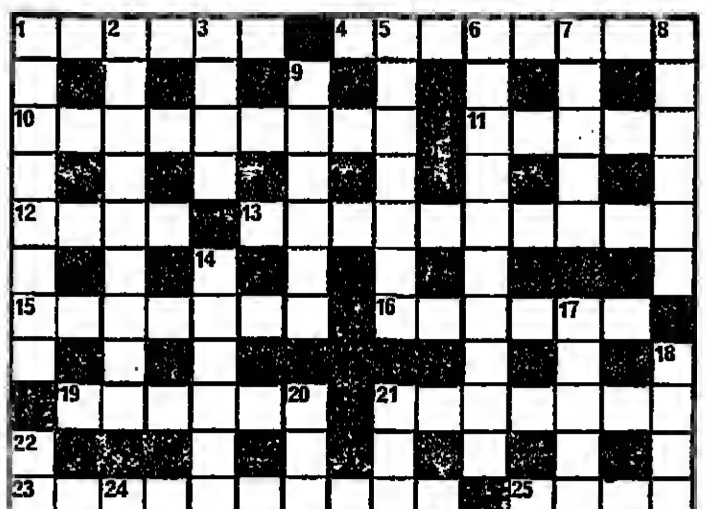
After tea the Great Man came out to bat. About the fourth ball he skied a catch towards Parkin, fielding in the deep. "Catch that, Parkin, and you miss your train," he bellowed. Parkin dropped the catch and caught his train. Were those the great days of captaincy?

The Art of Captaincy, by Mike Brearley; Hodder & Stoughton; £12.95.

The Quest of the Ashes, by Douglas Jardine, reprinted 1984;

Alan Forrest

Amazing Grace (left) . . . and successor Gower



F.T. CROSSWORD PUZZLE No. 5,732

Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

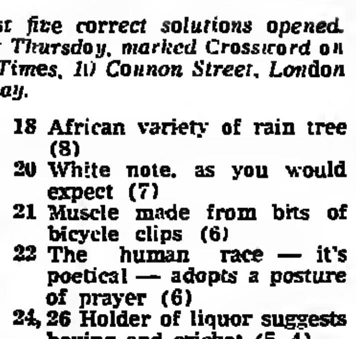
1 Sea beast to go into manure (6)
4 Well equipped for sport, making learner teach it (8)
10 Base in a weapon requires a bit of money (9)
11, 12 Thanks for nothing, brother Thomas, returning with craft (5-4)
13 Providential, like rain? (6-4)
15 Ancient deity follows piece of modern technology: hope it doesn't catch fire! (4, 3)
16 Short thick counterfoil gets through (6)
19 Minister Patrick makes a singular bishop (6)
21 Shield that's hard near Beaulieu (7)
23 Swiss staff gets place tied up with knots (10)
25, 27 Device used by shoemaker to make leather work at French dance (4, 5)
28 Engineers supporting Mussolini — copy (9)
29 List he's clued wrongly (8)
30 24 pennies, in for a pound? (6)

18 African variety of rain tree (8)
20 White note, as you would expect (7)
21 Muscle made from bits of bicycle clips (6)
22 The human race — it's poetical — adopts a posture of prayer (6)
24, 26 Holder of liquor suggests boxing and cricket (5, 4)

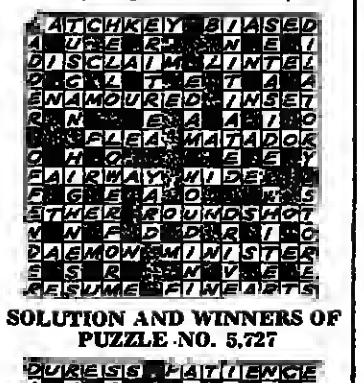
DOWN

1 Ward's clue is a disadvantage (8)
2 Vehicle is in storm: protect with zinc (9)
3 Water creature, latest model? (4)
5 Less than two fairies? Dozens! (7)
6 Result of one clue — Jim may be squeezed out (5, 5)
7 Bird-man with portion for . . . . (5)
8 . . . . Parson that was eaten by dog? (6)
9 American doctor put away for the duration? (8)
14 Prod Northwards in weapon? That's what they say (6, 4)
17 Invest most of alliance in drink (9)

Solution to Puzzle No. 5,731



SOLUTION AND WINNERS OF PUZZLE NO. 5,727



Mrs A. Poynder, Whittlesey, Peterborough. Mrs P. M. Clough, Kings Lynn, Norfolk. Mr P. J. Kings Lynn, Norfolk. Mr P. J. M. Stoney, Forby, Liverpool. Mr B. G. Essenhigh, Salisbury, Wiltshire. Mr N. E. Newman, Guildford, Surrey.

TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

9.30 am The Saturday Picture Show. 10.40 Grandstand, including 1.00 pm News Summary and Weather News, Cricket: Coverage from Edgbaston on England v Australia for the Texaco Trophy. Gymnastics from Oslo, Rugby Union (highlights of New Zealand v England). Show Jumping from Hickstead, and at 4.55 Final Score (Classified Results). 5.5 News. 5.15 London: Sport; South-West England: Spotlight Sport and News; all other English regions: Sport and Regional News; Scotland: Sport; Wales: Sports News Wales; Northern Ireland: Northern Ireland News and Sport. 5.10 The Keith Harris Show. 6.45 "Brannigan," starring John Wayne and Richard Attenborough. 8.30 The Kenny Everett Television Show. 9.00 Dynasty. 9.45 News and Sport. 10.05 "O Lucky Man!" starring Malcolm McDowell, with Ralph Richardson, Rachel Roberts, Arthur Lowe and Helen Mirren.

BBC 2

3.10 Saturday Cinema: "Take Me High," starring Cliff Richard, Debbie Watling, Hugh Griffith and George Cole. 4.40 Cricket: further coverage of England v Australia at Edgbaston. 7.30 News and Sport. 7.45 Royal Academy Summer Exhibition. 8.30 "On the Town," starring Gene Kelly and Frank Sinatra. 10.05 Saturday Review. 11.05 Cricket (highlights). 11.55-12.30 am Men's European Gymnastics (highlights).

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Matt and Jenny on the Wilderness Trail. 10.00 No. 73. 11.20 The Champions. 12.15 pm World of Sport including 12.20 Ice Hockey and Basketball. 12.45 News followed by Australian Pools Check. 12.55 Motor Racing. 1.20 The ITV Six from Newmarket and Thirsk. 2.55 Speedway. 3.50 News Round-up. 4.00 Wrestling. 4.45 Results.

6.00 News. 5.05 Happy Days. 5.30 Connections. 6.00 The Saturday 6 o'clock Show. 6.50 The Comedians. 7.20 The Price is Right. 8.15 Hunter. 9.15 News and Sport. 9.30 Tales of the Unexpected. 10.00 London News Headlines followed by "Marathon Man," starring Dustin Hoffman, Laurence Olivier and Roy Scheider. 12.15 am Magnum. 1.05 Bizarre. 1.30 Night Thoughts.

CHANNEL 4

1.00 pm Chips' Comic. 1.25 Print It Yourself. †1.55 "My Lucky Star," starring Sonja Henie. †3.25 "Holy Matrimony," starring Monty Woolley and Gracie Fields. 5.05 Brookside. 6.00 The Max Headroom Show. 6.30 No Problem! 7.00 News Summary followed by 7 Days. 7.30 Lakeland Rock. 9.15 Winston Churchill: The Wilderness Years. 9.15 To Be a Yellowbelly. 10.00 Octopus—Power of the Mafia. 11.10 The Late Clive James. †12.00 Naked City. 12.50 am The Paul Hogan Show.

S4C WALES

1.30 pm Eisteddfod Genedlaethol Yr Urdd, Caerdydd A'r Cylch, 1985. 5.25 A Week in Politics. 5.10 Where in the World? 5.40 The Avengers. 7.35 Newyddion. 7.45 Eisteddfod Genedlaethol Yr Urdd, Caerydd A'r Cylch, 1985. 8.45 Satin, Sidan a St Tropez. 8.20 The Bright Side. 9.50 Lou Grant. †10.45 Feature Film: "The Awful Truth," starring Irene Dunne and Cary Grant.

REGIONS

IBA Regions as London except at the following times:

ANGLIA
9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm Connections. 5.35 Cartoon Time. 6.50 Riptide. 12.20 am At the End of the Day.

BORDER
9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Film: "White Water Rebels."

CENTRAL
9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm The Saturday Action Film: "White Water Rebels."

CHANNEL
8.25 am Cartoon. 9.30 Captain Scarlet and the Mysterons. 9.57 Puffin's Pla(i)ce. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.07 Feature Film: "White Water Rebels."

GRAMPIAN
9.25 am Cartoon. 9.30 Scooby Doo. 11.20 Chips. 5.05 pm Fangface. 5.25 Connections. 5.55 Riptide. 12.20 am Reflections.

GRANADA
9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 11.30 Chips. 5.05 pm "White Water Rebels." 12.20 am Jerry Lee Lewis Live in London. 1.10 Comedy Tonight.

HTV
9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †11.15 Fireball XL5. 11.45 Just Our Luck. 12.13 pm HTV News. 5.05 "White Water Rebels," starring Catherine Bach and James Brolin.

SCOTTISH
9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Connections. 5.35 Feature Film: "Go West Young Girl," starring Stuart Whitman and John Payne. 12.20 am Late Call.

TSW
9.25 am Cartoon. 9.30 Captain Scarlet and the Mysterons. 9.57 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 TSW Regional News. 5.07 Feature Film: "White Water Rebels," starring James Brolin and Catherine Bach. (TV movie). 12.20 am Postscript.

TVS
9.25 am Porky Pig. 9.35 Scooby Doo. 11.20 The Green Hornet. 11.45 Sealab 2020. 12.12 pm TVS Weather. 5.10 Connections. 5.40 The Wonderful Stories of Professor Kitzel. 5.50 Knight Rider. 12.20 am Company.

TYNE TEES
9.25 am Morning Glory. 9.30 Scooby Doo. 9.55 Young Lookaround. 11.20 Chips. 5.05 pm "White Water Rebels." 10.00 The Missouri Breaks, starring Marlon Brando and Jack Nicholson. 12.20 am Poet's Corner.

ULSTER
9.25 am Cartoon. 9.35 Scooby Doo. 11.20 Fireball XL5. 11.45 The Smurfs. 12.43 pm Lunchtime News. 5.02 Ulster News. 5.05 Feature Film: "White Water Rebels," starring Catherine Bach and James Brolin. 9.27 Ulster News. 12.15 am Sports Results. 12.20 News at Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Cartoon Time. 9.35 Scooby Doo. 11.20 Captain Scarlet and the Mysterons. 11.50 Joanie Loves Chachi. 5.05 pm "White Water Rebels," starring Catherine Bach and James Brolin. 12.20 am That's Hollywood.

RADIO

(S)—Stereo on VHF

BBC RADIO 2
9.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm Vince Hill's Solid Gold Music Show (S). 1.00 The Good Human Guide. 1.30 Sport on 2 including Cricket: Coverage of the second one day international between England and Australia; Golf from Moor Park; Tennis (French Championships); Racing from Newmarket; Rugby Union (1st Test between New Zealand and England) plus Showjumping, Belgian Motor Racing GP and the Austrian Motor Cycling GP. 5.45 Racing Results. 5.50 Cricket Scoreboard. 6.00 Folk on 2. 7.00 Three in a Row. 7.30 Cricket Scoreboard: BBC International Festival of Light Music (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls introduced by Dave Gelly (S). 1.00 Hilary Osborn presents Nightride (S). 3.00-4.00 Wally Whyton Introduces Country Concert (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Concert from Hanley (S) (12.00 Interval Reading). 1.00 pm News. 1.05 Melos Quartet of Stuttgart (S). 2.00 Bach Motets (S). 3.35 Brahms (S). 4.15 English Chamber Orchestra (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Clarinet and Piano sonatas by Alwyn and Bax (S). 7.05 Bach on Record. 7.30 BBC Symphony Orchestra: Elgar (Enigma Variations), Beethoven (4th Piano Concerto, with John Lill) (S). 9.40 Hasta La Muerte. 8.55 BBC SO Part 2: Tchaikovsky (Symphony No. 2) (S). 9.40 Violin and Piano (S). 10.30 The Song of Roland (S). 11.00 Debussy and Kenneth Leighton (S). 11.57-12.00 News.

Medium wave as above except: 10.40 am-7.30 pm Cricket: England v Australia—the second one-day international for the Texaco Trophy.

RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather. Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 9.43 Breakaway. 8.57 Weather; Travel. 9.00 News. 9.50 News Stand. 10.05 Talking Politics. 10.30 Pick of the Week (S). 11.30 From our own Correspondent. 12.00 News; Money Box. 12.27 I'm Sorry, I Haven't a Clue (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; Book Plug (S). 3.30 The Countryside in Summer. 4.15 Enterprise. 4.45 Letter from the Far West. 5.00 Wildlife (s). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Russell Harty's Musical Encounters (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 9.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Lamp of Gmca. 11.00 Science Now. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

SUNDAY

BBC 1

9.55 am Play School. 8.15 Superbook. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Birth Right. 10.55 Greek—Language and People. 11.20 Letting Go. 11.45 The Learning Machine. 12.10 pm Honourable Members. 12.35 Farming with Philip Wrixon and Dan Cherrington. 12.58 Weather News for farmers.

1.00 News Headlines. 1.05 Bonanza. 1.50 Cartoon. 2.00 East Enders. 3.00 Bugs Bunny. 3.10 Comedy Matinee: "Our Man in Marrakesh," starring Tony Randall and Terry-Thomas. 4.40 Regional Programmes.

5.10 The Montreux Rock Festival. 5.00 Goodbye Mr Chips. 6.30 News. 6.40 Praise Be! 7.15 Sorry! 7.45 The Paul Daniels Magic Show. 9.25 Whicker's World. 9.15 That's Life. 10.00 News. 10.15 Heart of the Matter. 10.50 Arena: Desert Island Discs (tribute to Roy Plomley). 11.15 The Sky at Night. 11.35 Show Jumping (highlights).

BBC 2

1.55 pm Sunday Grandstand including Motor Racing (Belgian Grand Prix), Cricket (The John Player League Special), Gymnastics from Oslo and Show Jumping from Hickstead. 5.50 News Review. 7.15 Stuart Burrows Sings. 7.50 Debut. 9.20 Disaster! 9.30 Grand Prix. 10.00 Bleak House. 10.55-12.45 am "The Reincarnation of Peter Proud," starring Michael Sarrazin

LONDON

6.55 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Speedy and Sylvester. 9.45 Porky Pig. 10.00 Morning Worship. 11.00 Getting On. 11.30 Breakthrough. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Cara Beara. 2.00 A Full Life. 2.30 London News Headlines, followed by Afternoon Affair: "An Affair to Remember," starring Cary Grant and Deborah Kerr. 4.30 Pretenders. 5.00 Now You See It. 5.30 Survival Special. 6.30 News. 6.40 Highway. 7.15 Winner Takes All. 7.45 Murder, She Wrote. 8.45 News. 9.00 Connie. 10.00 Mog. 10.30 The South Bank Show. 11.30 London News Headlines, followed by American Documentary. 12.25 am Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Face The Press. 2.00 A Question of Economics. †2.25 "Number Seventeen" (Alfred Hitchcock early thriller). †3.40 "This Man Is News," starring Barry K. Barnes. 5.00 Back to the Roots. 5.30 News Summary, followed by The Business Programme. 5.15 Athletics. 7.15 Heritage: Civilisation and the Jews. 9.15 The Irish R.M. 9.15 The Painter and the Past. †10.15 "The Talk of the Town," starring Cary Grant, Jean Arthur and Ronald Colman.

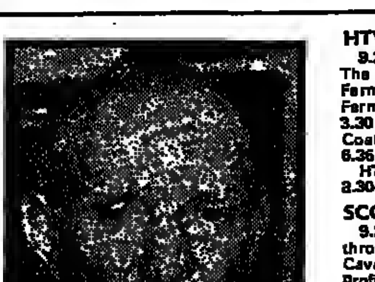
S4C WALES

2.00 pm Lakeland Rock. 2.45 Sunday Opera: "A Midsummer Night's Dream" (Sir Peter Hall's Glyndebourne production). 5.30 The Business Programme. 6.15 Athletics. 7.15 An Canker Seth. 7.25 Newyddion. 7.30 Hufen A Moch Bach. 8.00 Pwy Sy'n Perthyn? 8.30 Er Gwaetha'r Gelyn. 9.15 Byd Cerdd. 10.15 Winston Churchill—The Wilderness Years. 11.15 The Late Clive James. 12.00 Seven Days.

REGIONS

ANGLIA
9.30 Marilyn Baker: Songwriter. 1.00 pm Silver Spoons. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Film: "The Biggest Bank Robbery." 11.30 Scarecrow and Mrs King. 12.30 Anthology.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Perspective. 1.30 Farming Outlook. 2.30 Matinee: "The Sandwich Man." 4.15 Cartoon



Trevor Howard
Central, 2.30 pm

CENTRAL
9.25 am The Wonderful World of Professor Kitzel. 9.30 Breakthrough. 11.30 Gardening Time. 1.00 pm Cartoon Alphabet. 1.30 The Adventurer. 2.30 The Weekend Madness: "Kidnapped" starring Michael Caine and Trevor Howard. 11.30 The Streets of San Francisco.

CHANNEL
12.25 pm Today's Weather. 12.28 Starting Point. 12.30 Link. 1.00 Gardens for All. 1.30 Under Fives. 2.30 The Barnstormers. 2.40 The Sunday Matinee: "Masquerade." 11.30 Streets of San Francisco.

GRANADA
9.25 am Minierum Chess Masterpieces. 9.30 The Human Face of Japan. 11.00 Breakthrough. 11.25 Aap Kaa Hak. 11.30 Down to Earth. 1.00 pm Battlestar Galactica. 2.30 Sunday Matinee: James Cagney in "Captains of the Clouds." 6.00 The Zodiac Game. 11.30 The Late Film: Sydney Taffler and

HTV
9.25 am Gurkhas of Nepal. 1.00 pm The Adventurer. 1.30 West Country Farming followed by Weather for Farmers. 2.30 Once in a Lifetime. 3.30 The Engagement. 4.20 Abbott and Costello Double Bill. 5.00 Definition. 6.35 HTV News. 11.30 Looks Familiar.
HTV Wales—As HTV West except: 2.30-4.30 pm Urdd Eisteddfod 1985.

SCOTTISH
9.25 am Cartoon Time. 9.30 Breakthrough. 10.00 The Glen Michael Cavalcade. 10.30 Happy Days. 11.30 Profile. 1.00 pm Farming Outlook. 1.30 Mountain Habitat. 1.45 Cloud of Witnesses. 2.15 *Shinty*. 3.00 *Junior* Cup Final. 11.30 Late Call. 11.30 Mannix.

TSW
9.25 am Getting on followed by: Getting on . . . plus. 11.25 Look and See. 11.30 The Crazy World of Sport. †11.55 Postscript. 1.00 pm Gardens For All. 1.30 Farming News. 2.30 Fisheries News. 2.40 Sunday Matinee: "Masquerade" starring Cliff Robertson and Jack Hawkins. 11.30 Street of San Francisco. 12.25 am Postscript.

TVS
9.25 am Action Line. 9.35 Fangface. 1.00 pm Agenda. 1.30 Farm Focus. †2.30 The Sunday Matinee: "The Corsican Brothers." 4.25 TVS News. 6.25 TVS News. 11.30 Mysteries of Edgar Wallace. 12.30 am Company.

TYNE TEES
9.25 am Morning Glory. 11.30 Captain Scarlet and the Mysterons. 1.00 pm Farming Outlook. 1.30 The Smurfs. †2.30 Sunday Matinee—"Tiger Bay" starring Hayley Mills and John Mills. 11.30 Epilogue. 12.25 am Postscript.

ULSTER
12.58 pm Lunchtime News. 1.00 Advice with Anne Hailes. 1.15 Cartoon Time. 1.30 Bygones. 1.58 Farming Weather. 2.30 Feature Film: "Captains of the Clouds." 6.30 Ulster News. ... Power. 11.56 Sports Results. 12.00 News at Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Getting On. 11.30 Farming Diary and Farming Weather. 1.00 pm The Champions. 2.30 Sunday Cinema: "Julius Caesar" starring Charlton Heston, John Gielgud and Richard Chamberlain. 11.30 Short Story Theatre. 12.00 Five Minutes.

RADIO

(S) Stereo on VHF

BBC RADIO 2
9.00 am Melodies For You, introduced by Robin Boyle (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 pm David Hamilton Presents Two's Best (S). 2.00 Summer Sounds. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights introduced by Gordon Clyde. 9.30 Sunday Half Hour. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Keith Swallow at the piano. 11.00 Sounds of Jazz (stereo from midnight). 1.00 am Hilary Osborn presents Nightride (S). 3.00-4.00 David Hamilton presents Two's Best (S).

BBC RADIO 3
7.00 am News. 7.05 Amadeus Quartet. 8.00 Bach Cantatas 1724 (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly. 11.15 St Louis Symphony Orchestra. Haydn's Symphonies Nos 44 and 101, conducted by Raymond Leppard (S). 12.10 pm Words. 12.15 Music for Clarinet and Piano (S). 12.50 Endellion String Quartet (S). 1.35 W. F. Bach and Salieri (S). 2.30 Daniel Adni, Piano music by Mendelssohn and Greig (S). 3.16 Early Music from the Proms: Concert on period instruments recorded at the 1984 Proms, part 1: Mozart, Beethoven (S). 4.00 The Charms of Mass (S). 4.50 Two Guitar Trios (S). 5.30 News Premises. 8.16 Bach on Record. 6.45 Bizet and Honnegger: song recital by Dinah Harris (soprano) (S). 7.15 "Shanidar," play by Robert Forrest (S). 8.35 "La Finta Giardiniera." French Radio recording of Mozart's opera, sung in Italian, conducted by Seymon Bychkov (S). (9.45-9.50; 10.50-10.55 Interval Reading). 11.40 Bach on Record (S). 11.57-12.00 News.

RADIO 4
9.00 am News. 8.10 Sunday Papers. 9.15 Sunday. 8.50 Lord Olivier talks about the Council for the Protection of Rural England. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service from St Patrick's Parish Church, Coleraine. 10.15 The Archers. 11.15 The Countryside in Summer. 12.00 Home-ing In (S). 12.30 pm The Food Programme. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News; The Autobiography of a Really Good Man. 4.30 Talk of the Town, Talk of the Country. 5.00 News; Travel. 5.05 Hay (profile of conductor Sir Hamilton Harty). 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Bookshelf. 7.00 Travel; XPD (S). 7.30 The Thatcher Phenomenon. 8.00 Something in the City. 8.30 A Word in Edgeways (S). 9.00 News; Daughters and Sons (S). 10.00 News. 10.15 You The Jury (S). 11.00 How Blessed (S). 11.15 God in Christ. 12.00-12.15 am News.

Chess solution, Page XIV

Chess solution

Yes, the masters saw 1 QxP, N-N6 ch; 2 PxN, R-R2, but missed the further moves 3 R-Q8 ch, K-N2; 4 R-Q7 ch, QxR; 5

هكذا من الأصل